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ABSTRACT

The Minnesota Family Investment Program (MFIP) is a welfare reform initiative based on enhancing welfare recipients' incentives to get a job and requiring long-term welfare recipients to participate in employment-focused activities. The effects of the MFIP were compared to those of the Aid to Families with Dependent Children (AFDC) program through an analysis of data on the employment, earnings, and welfare receipt of more than 9,000 individuals who had been randomly assigned to the MFIP or the traditional AFDC program during an 8-month period. Data were collected from field observations and interviews, staff surveys, surveys of families in both programs, and administrative records. After 18 months, the MFIP program resulted in the following: a 40% higher employment rate; a 13% increase in total family income; and a 16% reduction in poverty (albeit at an 8% increase in welfare payments). (Sixty tables/figures are included. Appended are the following: selected characteristics, opinions, and attitudes of MFIP report sample members; MFIP 12-month survey response analysis; additional implementation findings; expected impacts of MFIP's enhanced financial incentives; short-term recipient findings; evaluation of the STRIDE Program in Hennepin County, Minnesota; and 26 additional tables/figures. Contains 16 references.) (MN)

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MFIP

Making Welfare Work and Work Pay:

Implementation and 18-Month Impacts of the Minnesota Family Investment Program

Cynthia Miller
Virginia Knox
Patricia Auspos
Jo Anna Hunter-Manns
Alan Orenstein

October 1997

MDRC

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Manpower Demonstration
Research Corporation

The Manpower Demonstration Research Corporation's evaluation of the Minnesota Family Investment Program (MFIP) is funded by a contract with the Minnesota Department of Human Services and with support from the Ford Foundation, the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the McKnight Foundation, and the Northwest Area Foundation.

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Preface

When Minnesota's elected officials set out to reform the state's welfare system in the early 1990s, they identified three key goals: reducing poverty, reducing dependence on public assistance, and increasing work. Their deliberations were unusual in at least two respects: they placed as much emphasis on poverty reduction as they did on employment increases, and they recognized from the outset that, in the short run, welfare reform would cost more, not less, than the then-existing welfare system.

Minnesota policymakers hoped to achieve their goals by both expecting and rewarding work. And they focused most of their attention on long-term recipients — those who had been on the rolls for two years or more. The plan they formulated — named the Minnesota Family Investment Program, or MFIP — simplifies the traditional welfare system by folding the Food Stamp Program into the state's cash assistance plan, makes work pay by increasing the amount of welfare benefits that working recipients can retain, and requires long-term welfare recipients to participate in employment and training services designed to help them find jobs.

The decision to give equal weight to reducing poverty and increasing employment made Minnesota's reforms bolder than many observers understood, since states had found it difficult to make a major difference on both fronts in earlier welfare reform initiatives. This makes the findings in this report — that MFIP met both goals for long-term recipients — particularly impressive.

The report tells a complex story, mirroring the several facets of the program. During the 18-month follow-up period covered by the report, MFIP was essentially two different programs: (1) a financial-incentives-only program for new applicants to welfare, and (2) a program that combined financial incentives with mandatory participation in employment services for long-term recipients. For long-term recipients living in urban areas, MFIP produced a large increase in employment and earnings at the cost of a modest increase in welfare outlays for people combining work and welfare. When the increased earnings and welfare payments were added together, total income rose enough to lift a substantial number of families out of poverty. For new applicants, MFIP's primary effect was to increase welfare payments among those who were working. The higher payments to working applicants did help many escape poverty.

Different employment and earnings results for recipients and applicants illustrate two contrasting effects often found in programs that include work-rewarding financial incentives. For long-term recipients, MFIP mostly encouraged people who *would not have worked otherwise* to do so. For applicants, at least in the short run, MFIP mostly raised income among people who *would have gone to work anyway*. The challenge for policymakers who want to make work pay while containing welfare outlays is to maximize the first effect and minimize the second one. For long-term recipients, MFIP met this challenge by combining incentives with employment-oriented participation requirements, resulting in what program staff saw as a clear synergy between their ability to persuade participants that work would pay and the requirement to move people from welfare into jobs. In the hope that similar results could be achieved for applicants, Minnesota recently enacted changes in MFIP that strengthen the employment mandate.

The results reported here are for an early sample and for a short follow-up period. Future reports will tell us whether MFIP's encouraging preliminary employment and poverty findings for long-term urban recipients hold up over time, whether the results for applicants improve as they become subject to participation mandates, and whether, over the long run, welfare costs rise or fall. For the many other states implementing make-work-pay strategies as part of their welfare reform plans, the MFIP findings suggest the importance of how incentives are explained and marketed, how they interact with other services, and how they are targeted.

Multi-year, complex evaluations like this one don't just happen; they require the sustained commitment and cooperation of staff in the state and county agencies that run the programs. The MFIP study benefited from an unusual collaboration between outside researchers and program staff. This report's publication is a welcome opportunity to express our appreciation for the insights of the program staff and their unflagging support.

Judith M. Gueron
President

Acknowledgments

This report and MDRC's continuing evaluation of the MFIP program reflect the contributions of numerous individuals.

MFIP managers and their staff in the seven counties have been critical to the evaluation and played an important role in implementing the research design. In addition, throughout the evaluation they have continued to graciously provide MDRC researchers with insights into the program's implementation and operation.

Several individuals within the Minnesota Department of Human Services also played key roles. Deborah Huskins, Assistant Commissioner, and John Petraborg, former Deputy Commissioner, provided continued support for the evaluation. This report and the evaluation have benefited tremendously from the level of attention and commitment provided by the state MFIP staff. Chuck Johnson, MFIP's Director, has played an instrumental role throughout the research, offering suggestions and insights along the way and ensuring our access to data from numerous sources. MFIP's first Director, Joel Kvamme, also played an important role in shaping the evaluation. Other MFIP staff — Kathleen Hoglund, Mark Kleczewski, JoAnn Lindstrom, Sheryl Lockwood, Joan Truhler, and Nancy Vivian — have been generous with their help and advice. They have provided ongoing information on the intricacies of state policy, in addition to reviewing surveys and other data collection instruments used by MDRC and providing some of the implementation data used in this report. Finally, the Minnesota Department of Economic Security has provided automated data used for the analyses in this and future reports.

Members of MDRC's Welfare Studies Committee — Robert Solow, Rebecca Blank, Richard Nathan, Gary Burtless, David Ellwood, Mark Greenberg, and Robert Reischauer — offered valuable perspectives on a draft of the report. In addition, Phil Robins provided the authors with useful insights on the emerging impact results.

At MDRC, Barbara Goldman, MFIP's Project Director, has guided the evaluation from the onset, conducted field research, and provided comments and insights to help shape the analysis and the report. David Butler, Judith Gueron, Gordon Berlin, Irene Robling, and Judith Greissman provided helpful comments and advice on earlier drafts of the report.

Irene Robling and Lynn Miyazaki managed the random assignment design and helped to create the analysis files. Gregory Hoerz and Adria Gallup-Black oversaw the survey effort and created the survey analysis file. Galina Farberova, Ken White, and Debbie Romm processed administrative records, and Jahn Margulies processed the staff surveys. Charles Daniel, Joyce Dees, Donna George, Marguerite Payne, and Carmen Troche, with supervision from Shirley James, handled random assignment calls and processed baseline forms.

Claudia Nicholson processed and analyzed the baseline data, provided help on other data sources, and drafted part of Chapter 2. Frank Tsai processed the welfare and earnings records data and wrote programs for the impact analysis, and Jennifer Cooper and Deisnel Cardenas analyzed the data from the staff surveys. Kate Gualtieri, with assistance from Rachel Hitch, played a critical

role throughout the report development process, producing the tables and figures, coordinating document production, fact-checking text and tables, and generally making sure the schedule ran according to plan.

Alice Tufel ably edited the report, and Patt Pontevolpe and Stephanie Cowell did the word processing.

The Authors

Executive Summary

For more than three decades, proponents of welfare reform have tried unsuccessfully to simultaneously increase work, reduce poverty, and reduce welfare dependence among public assistance recipients. Initiatives that provided more income to people made them better off financially, but discouraged work. Initiatives that required work lowered dependency as recipients substituted work for welfare, but had little effect on income. Confronted with this dilemma, policymakers intensified their search for strategies that could both increase work effort and increase total income without deepening dependency.

Two primary approaches have been tried to accomplish welfare reform's three goals: One approach is to mandate participation in employment and training programs as a condition of welfare receipt. Another approach makes work pay by emphasizing financial incentives that allow recipients to retain more of their welfare benefits when they go to work.

Until recently, these approaches have rarely been used together. Consequently, a *combination* of mandating work-focused activities and increasing financial incentives to work has remained untested as a single strategy. The Minnesota Family Investment Program (MFIP), a welfare reform initiative aimed at increasing families' employment and earnings while increasing their total income and reducing poverty, has combined the two approaches to meet its goals. Operating in seven Minnesota counties since April 1, 1994, MFIP provides an unusual opportunity to evaluate the combined effects of financial incentives and mandated activities.

MFIP's two-part strategy operates like this: First, it enhances welfare recipients' financial incentives to get a job by allowing them to keep more of their benefits while they are earning income than they would have with the traditional Aid to Families with Dependent Children (AFDC) program. Second, it requires long-term welfare recipients to participate in employment-focused activities. This two-part strategy was designed to achieve the goals of Minnesota policymakers: to encourage work *and* to make working families better off financially.

Previous research suggests that it is not always possible to reach those goals simultaneously. Programs that require participation in employment and training activities, for example, have tended to increase employment and earnings while reducing welfare costs — but recipients' total income has remained unchanged or, at best, has increased relatively little because their benefit reductions have largely offset their earnings gains. A financial incentives policy, on the other hand, has the potential to generate two possible outcomes that are somewhat different from the outcomes that are typically produced by a mandatory activities strategy. First, like a mandatory strategy, it can encourage people who would not have worked to do so — but unlike a mandatory strategy, it accomplishes this goal by making work pay. Under the traditional AFDC program, welfare benefits are reduced almost a dollar for every dollar earned, while under MFIP, the basic grant is increased by 20 percent for those who are employed, and then benefits are reduced by only 62 cents for every dollar earned. MFIP's financial incentives are relatively larger for part-time work than for full-time work, with the hope that allowing families to combine work and welfare will serve as a stepping stone to full-time employment, eventually reducing families' dependence on welfare as their primary source of income. The objective is to increase the incentive recipients have to work, and to make those who work better off.

A second possible outcome of a financial incentives policy is that it can provide more income to families who would have gone to work without the incentive. In those cases, families' employment levels and/or earnings do not change, although families have a higher total income because they are keeping more of their welfare benefits. In fact, a financial incentives policy might induce some working families to work less because they are able to substitute increased welfare income for earnings. This might happen, for instance, when a mother's time at home is more valuable to a family than any extra income she might earn. In any of these scenarios, welfare caseloads are likely to increase — at least in the short run — because more employed families will stay on welfare.

One way to mitigate the potential drawbacks of operating either a mandatory employment-focused program or a financial incentives program is to combine the two. Using mandates reinforces the work message of incentives and facilitates job entry through employment services, while using incentives helps achieve the goals of increased income and poverty reduction. It is the combination of these two strategies that makes MFIP of particular policy interest.

This report is the second in an evaluation of MFIP that the Manpower Demonstration Research Corporation (MDRC) is conducting under contract with Minnesota's Department of Human Services (DHS) and with support from the Ford Foundation, the U.S. Department of Health and Human Services, the U.S. Department of Agriculture, the McKnight Foundation, and the Northwest Area Foundation. The report examines the implementation of MFIP and its effects on welfare recipients' employment, earnings, welfare receipt, and total income during their first 18 months in the study.

The results presented in this report should be considered in the context of the environment in Minnesota. Minnesota's welfare benefit levels are relatively generous, making it possible for a higher fraction of its welfare caseload to be working than is true in other states. In addition, Minnesota's economy during the follow-up period (1994–96) was relatively strong, with unemployment rates below the national average. Furthermore, before MFIP was implemented, Minnesota had been operating a primarily voluntary — as opposed to a mandatory — welfare-to-work program. Finally, time limits are not part of the MFIP program operating in the seven counties, but the state's recently passed legislation to operate a modified version of MFIP statewide includes a five-year time limit on receipt of federally funded cash welfare.[1]

I. The Findings in Brief

To determine the effects of MFIP compared with AFDC, this report uses data on employment, earnings, and welfare receipt for more than 9,000 individuals randomly assigned to MFIP or to the traditional AFDC program from April 1, 1994, through December 31, 1994 — about two-thirds of the full sample that will eventually be studied. The data are used to track the outcomes of individuals for the first 18 months after they entered the study, focusing primarily on MFIP's effects on single-parent families.[2]

---

[1] Policymakers in Minnesota plan to implement a version of MFIP statewide in response to the federal legislation that replaces Aid to Families with Dependent Children (AFDC) with Temporary Assistance to Needy Families (TANF), which provides block grants to states.

The findings — based on field observations and interviews, staff surveys, surveys of families in MFIP and AFDC, and administrative records data — indicate that MFIP was implemented as intended and produced important changes in the way benefits and services are provided to new welfare *applicants* (those applying for welfare when they entered the study) and *recipients* (those already receiving welfare when they entered the study). In addition, after 18 months MFIP did meet its goals for single parents living in urban areas who were long-term welfare recipients when they entered the program. These individuals, who were receiving welfare for at least 24 of the prior 36 months when they entered the study, represent the most disadvantaged segment of the welfare caseload and one that has traditionally been hard to help.

For these long-term recipients, MFIP's combination of financial incentives and mandatory services substantially increased employment and earnings; 18 months after random assignment, the proportion of recipients in the MFIP program who were employed was nearly 40 percent higher than among recipients in the AFDC program. In addition, the financial incentives allowed working families to supplement their earnings with partial welfare grants. The net result over the 18-month period was a 13 percent increase in total family income and a 16 percent reduction in poverty among these families, although it came at the cost of an 8 percent increase in welfare payments.

MFIP was not as successful for single parents in urban areas who were applying for welfare when they entered the program (applicants). Because participation in MFIP's employment services is mandatory only for people who have received welfare for two or more years, these new applicants received only MFIP's financial incentives for their first 18 months in the program. The financial incentives had only a modest effect on their employment behavior, with no significant effect by the end of follow-up, most likely because many of them would have worked anyway. Furthermore, MFIP increased welfare payments by 27 percent, primarily because the enhanced incentives enabled families to continue to receive benefits while working. When families were allowed to combine work with some welfare benefits, their total income increased by nearly 7 percent and the incidence of poverty declined by more than 6 percent.

MFIP was also not as successful among long-term welfare recipients in rural areas.[3] It had no lasting effects on their employment or earnings — although it increased welfare receipt because, again, families were allowed to combine welfare and work, and the increase in benefits substantially reduced poverty.

To date, the results suggest that the increases in income and reductions in poverty come, in large part, from MFIP's financial incentives. Adding a mandate to participate in employment-focused activities along with a reinforced "it pays to work" message is primarily responsible for generating the employment and earnings gains. Thus, it is the combination of these two policies that achieves the multiple goals of increased employment and earnings and reduced poverty for long-term recipients.

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[2] Results for two-parent families are presented in the report, but not discussed in this summary.

[3] MFIP's effects on applicants in rural areas will be examined in a future report using the full sample.

Although the results so far indicate success for one group and mixed results for others, it is important to remember that these results are short-term and that the pattern of MFIP's effects could change over time. MFIP might affect the employment of people who entered the program as applicants, for example, once they become subject to the combined "package" of incentives and participation requirements. Similarly, it is impossible to say at this point whether the promising gains achieved among long-term urban recipients so far will persist in the long run. In particular, will MFIP succeed at increasing employment and job retention over time? Future reports, using longer-term follow-up data, will address these and other questions. In addition, a benefit-cost analysis will examine how the benefits of this program compare with the costs.

II. The MFIP Evaluation

MFIP was implemented on a field trial basis on April 1, 1994, in the three urban counties of Hennepin (which includes Minneapolis), Anoka, and Dakota, and the four rural counties of Mille Lacs, Morrison, Sherburne, and Todd. In order to test MFIP against the traditional AFDC system, MFIP and AFDC have been operated side-by-side in the counties under evaluation, with public assistance applicants and recipients randomly assigned to each of the two systems.

The use of random assignment ensured that there were no systematic differences between the two groups' members when they entered the study. Thus, any differences in outcomes, such as employment and earnings, that emerge between the MFIP and AFDC groups during the follow-up period can reliably be attributed to the MFIP program. The different outcomes between the two groups reflect the "impact" of MFIP. Unless otherwise noted, all impacts mentioned are statistically significant. "Statistical significance" is a measure of the degree of certainty that some non-zero impact actually occurred. If an impact estimate is statistically significant, then one may conclude with some confidence that the program had a real effect. If an impact estimate is not statistically significant, then the non-zero estimate is more likely to be the product of chance.

A. The MFIP Group

Single-parent families on welfare who are assigned to the MFIP group are eligible for the following MFIP financial incentives and benefits, and are subject to the following requirements:

- **Financial incentives.** In both MFIP and AFDC, welfare benefits decrease as earned income rises, although a certain amount of income is disregarded (i.e., not counted) when benefits are calculated. Working families in MFIP, however, can keep more of their monthly financial benefits because more of their earnings are disregarded when their benefit amount is calculated. Moreover, while the AFDC disregards decrease over time, the relatively higher benefits for working MFIP families are available as long as the family stays on MFIP.

- **Mandatory employment-focused activities.** Long-term welfare recipients must participate in MFIP's employment and training activities, unless they are working more than 30 hours per week, have a child under the age of one, or meet other "good cause" criteria. Single parents in AFDC are under no such obligation. MFIP includes a menu of job search, short-term training, and educational activities, with a strong focus on entering employment quickly. Individuals who fail to comply with the participation mandate in MFIP can be sanctioned — that is, their monthly welfare payments are reduced by 10 percent.

- **Direct child care payments.** MFIP pays child care expenses directly to the child care providers, rather than requiring families to pay the cost up-front and reimbursing them later, as the AFDC program does.
- **Simplification.** MFIP simplifies public assistance rules and procedures by combining AFDC, Minnesota's Family General Assistance (FGA),[4] and Food Stamps into a single program and by providing Food Stamps as part of the cash grant.

As mentioned above, the report focuses on two types of single parents who participated in the program: (1) *applicants*, or those participants who were applying for welfare for the first time when they entered the program, and (2) *long-term recipients*, or those who had been receiving welfare for two or more years when they entered the program.[5] The primary reason for looking at applicants and long-term recipients separately is that MFIP's mandatory activities are conditional upon two years of welfare receipt. Thus, the applicants were not mandated to participate during the follow-up period for this report, while long-term recipients were required to participate immediately after entering MFIP.

Although "long-term recipients" are defined in this evaluation as those who received welfare for at least two years during the previous three years, this sample of long-term recipients also contains families with much longer stays on welfare. At the time they entered the study, over one-half of the long-term recipients had received welfare for at least five years, and one-fifth had received welfare for at least ten years. In addition, only one-third had worked in the year prior to random assignment.

B. The AFDC Group

Families assigned to the AFDC group are potentially eligible to receive the benefits and services offered under Minnesota's AFDC system, including cash assistance from AFDC or FGA, Food Stamps, and the opportunity to enroll in STRIDE, Minnesota's traditional welfare-to-work program.[6] STRIDE is a primarily voluntary program that enrolls a relatively small proportion of the AFDC caseload in mostly longer-term education and training services.

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[4] A small fraction of families who do not qualify for AFDC benefits receive benefits from Minnesota's state-funded Family General Assistance program.

[5] A relatively small number of sample members were welfare recipients who had not accumulated 24 months of welfare receipt when they entered the study. Individuals in this group of "short-term" recipients were not required to participate in mandatory services for anywhere from 1 to 23 months. Because this group was fairly small, the primary focus in this report is on applicants and long-term recipients.

III. 18-Month Impacts for Single-Parent Families

A. Impacts for Long-Term Recipients in Urban Areas

- **For single-parent, long-term recipients, MFIP substantially increased employment and earnings during the first 18 months and somewhat increased the payout of welfare benefits.**

Table 1 presents MFIP's impacts on employment and earnings, welfare receipt, income, and poverty. By the last three months of the 18-month follow-up period, 52 percent of single parents in the MFIP group were working, compared with only 38 percent of single parents in the AFDC group. This 14.5 percentage point difference translates into a nearly 40 percent increase in employment. Earnings during the 18 months were $4,912 for the MFIP group, compared with $3,871 for the AFDC group. This impact difference of $1,041 represents a 27 percent increase in earnings for the MFIP group. These employment and earnings impacts are among the largest produced by previously studied welfare-to-work programs. The impacts are also notable given that long-term recipients represent the most disadvantaged segment of the welfare population.

Although people in the MFIP group were more likely to work and they earned more, the increase in earnings came from jobs that were somewhat less than "full-time," primarily concentrated at 30 hours per week. This result may be partly due to the fact that people had to work 30 or more hours per week to become exempt from MFIP's mandatory employment and training activities.

MFIP also increased welfare receipt somewhat, as shown in Table 1. During the last three months of the follow-up period, 77 percent of the people in the AFDC group were receiving welfare, compared with 81 percent of those in the MFIP group resulting in a 5 percent increase in welfare receipt. Average welfare benefits were also higher for those in the MFIP group ($11,074) than in the AFDC group ($10,256), primarily because more individuals in the MFIP group combined work and welfare.

- **MFIP substantially reduced poverty for long-term, single-parent recipients in urban areas, by increasing their earnings and limiting the reduction in their welfare benefits (compared with AFDC) when they worked.**

During the follow-up period, members of the MFIP group earned more than those in the AFDC group and received more in welfare benefits. As shown in Table 1, this combination of

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[6] The STRIDE program is Minnesota's version of the federal-state Job Opportunities and Basic Skills Training (JOBS) Program, established by the Family Support Act of 1988. Although enrollment in STRIDE remains voluntary, as of July 1995 individuals who volunteer for STRIDE activities can be sanctioned if they later fail to participate.

Table 1

18-Month Impacts of MFIP for Single-Parent Long-Term Recipients in Urban Counties

Outcome	MFIP Group	AFDC Group	Difference[a] (Impact)	Percentage Change
During 18 months after random assignment				
Percent employed	76.0%	59.0%	17.0 ***	28.8
Earnings	$4,912	$3,871	$1,041 ***	26.9
Welfare benefits received[b]	$11,074	$10,256	$818 ***	8.0
Total income[c]	$15,986	$14,127	$1,859 ***	13.2
Percent below 1994 poverty level[d]	71.4%	85.2%	-13.8 ***	-16.2
During months 16-18 after random assignment				
Percent employed	52.1%	37.6%	14.5 ***	38.7
Receiving welfare benefits[b]	80.6%	76.9%	3.7 *	4.8

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes 676 single parents assigned to the MFIP group and 687 single parents assigned to the AFDC group.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; and * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a] Percentage points, except where indicated as dollars ($).

[b] "Welfare benefits" are defined as receipt of Food Stamp coupons or cash benefits from AFDC, Family General Assistance, or MFIP.

[c] "Total income" includes earnings plus welfare benefits, both based on administrative records.

[d] Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

higher earnings and welfare resulted in measured income (earnings plus welfare) that was $1,859 higher among the MFIP group ($15,986) than among the AFDC group ($14,127). Moreover, earnings contributed more than welfare did to the increased income for the MFIP group; $1,041 of the $1,859 income difference came from increased earnings, while $818 came from higher welfare payments. Finally, the increase in measured income over the 18-month follow-up period resulted in a substantial reduction in poverty: 71 percent of the MFIP families had measured income below the poverty line, compared with 85 percent of AFDC families.

- **It is MFIP's combination of financial incentives and mandatory employment-focused activities — delivered with a reinforced incentive message — that achieved the goals of increased employment and reduced poverty.**

In order to examine the effects of MFIP's financial incentives alone compared with the effects of combining the incentives with mandatory activities, the evaluators randomly assigned a subset of individuals to a third research group — called "MFIP Incentives Only" — in addition to the MFIP and AFDC groups. People assigned to the MFIP Incentives Only group received the enhanced financial incentives but were not subject to MFIP's participation mandates — although they could opt to take advantage of the employment and training services offered through the AFDC system (i.e., STRIDE) or by other programs in the community.

Long-term recipients in the MFIP Incentives Only group were generally told in person about the enhanced financial incentives at their annual eligibility reviews, with some additional communication of the program's employment message by telephone or mail between the in-person interviews. In contrast, long-term recipients in the MFIP group, who were required to participate in employment-focused activities, met repeatedly with case managers, who arranged for employment services and, as part of the overall effort to move participants into employment, reinforced the program's incentives component by discussing it with recipients.

Table 2 presents the results of disaggregating MFIP's effects — that is, looking at the impacts of the program's individual components. The impacts of the full MFIP program (incentives plus mandated activities), which were presented in Table 1, are shown in column 3 of Table 2. These impacts are measured as the difference in outcomes between the MFIP and AFDC groups.

The impacts of financial incentives without strong "marketing" or "reinforcement" are shown in column 1 (measured by comparing outcomes for people in the MFIP Incentives Only group with outcomes for those in the AFDC group). As column 1 indicates, the primary effect of the MFIP incentives alone was to increase benefits for working families. People in the MFIP Incentives Only group were 7.7 percentage points more likely to receive welfare in months 16 through 18, and they received an average of $1,472 more in welfare benefits. In contrast, the financial incentives program had only a 4.3 percentage point effect on employment in the last 3 months and had no effect on average earnings over the 18 months.

Comparing outcomes for the MFIP group with those for the MFIP Incentives Only group gives an estimate of the effect of *adding* the mandatory activities to the financial incentives and reinforcing the incentives message. As shown in column 2, when mandatory activities were

Table 2

Breakdown of the 18-Month Impacts of MFIP Components for Single-Parent Long-Term Recipients in Urban Counties

Outcome	(1) MFIP Incentives Only compared with AFDC: What are the impacts of financial incentives alone?		(2) MFIP compared with MFIP Incentives Only: What are the *added* impacts of mandatory services and a reinforced incentives message?		(3) MFIP compared with AFDC: What are the impacts of financial incentives, mandatory services, and a reinforced incentives message?
During 18 months after random assignment					
Earnings	$158	+	$882 ***	=	$1,041 ***
Welfare benefits received[a]	$1,472 ***	+	-$654 ***	=	$818 ***
Total income[b]	$1,630 ***	+	$228	=	$1,859 ***
Percent below 1994 poverty level[c]	-9.5% ***	+	-4.3% **	=	-13.8% ***
During months 16-18 after random assignment					
Percent employed	4.3% *	+	10.2% ***	=	14.5% ***
Receiving welfare benefits[a]	7.7% ***	+	-4.0% *	=	3.7% *

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and from county welfare receipt records.

NOTES: The sample includes 676 single parents assigned to the MFIP group, 681 single parents assigned to the MFIP Incentives Only group, and 687 single parents assigned to the AFDC group.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; and * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a] "Welfare benefits" are defined as receipt of either Food Stamp coupons or cash benefits from AFDC, Family General Assistance, or MFIP.

[b] "Total income" includes earnings plus welfare benefits, both based on administrative records.

[c] Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

added to the financial incentives, employment in the last three months of follow-up rose by 10.2 percentage points. The full MFIP impact of 14.5 percentage points is the sum of the effects of financial incentives alone plus the effects of a mandate and a reinforced message regarding financial incentives. In a similar fashion, Table 2 indicates that the increase in earnings achieved by the full MFIP program comes largely from adding the mandatory services to the incentives; $158 of the total impact of $1,041 comes from providing MFIP financial incentives only, although this impact is not statistically significant, and an additional $882 comes from adding the mandates and reinforced incentives message.

It is important to note that the impacts shown in column 2 cannot be solely attributed to the mandatory employment activities since they were offered in combination with financial incentives. As observed earlier, the employment and training activities provided an avenue to further promote MFIP's financial incentives. A second and possibly more important factor is that the enhanced incentives may interact with the activities in positive ways. For example, someone provided with employment services may be more likely to take a job if she can keep more of her benefits while working. Furthermore, staff may promote work enthusiastically because they believe the financial incentives make employment beneficial to families with whom they work.

In summary, most of the employment and earnings gains for long-term urban recipients come from the mandatory services and reinforced message about incentives. In contrast, all of the increase in welfare benefits comes from the pure financial incentives component. The *combination* of both policies is responsible for the large earnings and income gains, and thus for MFIP's meeting its goals of increased employment and reduced poverty.

B. Impacts for Applicants in Urban Areas[7]

- **For applicants in urban areas, MFIP produced a modest increase in employment and no increase in earnings during the first 18 months, and it increased the payout of welfare benefits.**

Table 3 presents impacts and outcomes for applicants. MFIP produced modest increases in employment during the middle period of follow-up (not shown in table), but these increases did not persist to the end of follow-up. During months 16 to 18, 57 percent of applicants in the MFIP group were employed. However, 53 percent of applicants in the AFDC group were also employed. Large employment gains were not expected for these urban applicants, since many new applicants for welfare receive benefits for only a short time and return to work. In addition, because MFIP's employment and training activities become mandatory only after two years of welfare receipt, single-parent applicants were not required to participate in these activities during their first 18 months in the study.

Table 3 also indicates, however, that MFIP increased welfare receipt for single-parent applicants. During months 16 to 18, 53 percent of applicants in the MFIP group were receiving welfare, compared with 45 percent of applicants in the AFDC group, for an impact of 8

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[7] In this report, impacts are not estimated for rural applicants for welfare because the sample sizes for this group are too small to yield reliable estimates.

Table 3

18-Month Impacts of MFIP for Single-Parent New Applicants in Urban Counties

Outcome	MFIP Group	AFDC Group	Difference[a] (Impact)	Percentage Change
During 18 months after random assignment				
Percent employed	78.1%	73.2%	4.9 ***	6.7
Earnings	$7,912	$8,436	-$524	-6.2
Welfare benefits received[b]	$6,688	$5,255	$1,433 ***	27.3
Total income[c]	$14,600	$13,691	$909 **	6.6
Percent below 1994 poverty level[d]	67.5%	72.1%	-4.6 **	-6.3
During months 16-18 after random assignment				
Percent employed	56.6%	53.3%	3.2	6.0
Receiving welfare benefits[b]	53.0%	45.0%	8.0 ***	17.8

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes 1,045 single parents assigned to the MFIP group and 1,053 single parents assigned to the AFDC group.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; and * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a] Percentage points, except where indicated as dollars ($).

[b] "Welfare benefits" are defined as receipt of either Food Stamp coupons or cash benefits from AFDC, Family General Assistance, or MFIP.

[c] "Total income" includes earnings plus welfare benefits, both based on administrative records.

[d] Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

percentage points. Families in the MFIP group received an average of $1,433 more in welfare payments during the follow-up period.

- **MFIP increased income and reduced poverty among single-parent applicants. In contrast to long-term recipients, applicants' increased income came entirely from the increase in welfare payments to applicants who worked.**

The higher welfare payments that the MFIP group received increased their incomes to $14,600, compared with $13,691 for the AFDC group, for an impact of $909. The increase in income reduced poverty among MFIP families by 6 percent. Since people in the MFIP group earned no more than those in the AFDC group, MFIP raised the incomes of applicants solely by allowing them to retain more of their welfare benefits when they worked. Thus, MFIP made these families better off, even though the incentives did not induce many additional people to work.

Given that applicants were applying for welfare when they entered the study, they are more likely than long-term recipients to have recent work experience. Thus, the financial incentives may have had little effect on their employment because most would have worked anyway. However, it is possible that MFIP will increase employment among applicants who did not go to work once they reach the point at which participation in activities becomes mandatory. The effect on applicants of the full program will be assessed in a future report that covers a longer follow-up period.

C. Impacts for Long-Term Recipients in Rural Areas

- **MFIP produced no sustained increase in employment or earnings among long-term recipients in rural areas, but it did increase welfare receipt.**

In general, MFIP was not as successful in rural areas as it was in urban areas. Urban and rural labor markets tend to be different, as do recipients in urban and rural areas, and these differences may have influenced MFIP's effectiveness. As shown in Table 4, by the end of the follow-up period, MFIP had produced no significant employment gains for long-term recipients in rural areas: during months 16 to 18, 47.5 percent of the MFIP group was employed, compared with 43.6 percent of the AFDC group. The difference of 3.9 percentage points is not statistically significant. Although recipients in the MFIP group had significantly higher employment rates than those in the AFDC group in the early months of the follow-up period, these gains did not persist, in part because people in the control group began to "catch up" with people in the MFIP group.

Welfare receipt was higher for the recipients in the MFIP group; by the last three months of follow-up, just over 84 percent of the rural recipients in the MFIP group were receiving welfare, compared with nearly 73 percent in the AFDC group, for an increase of 12 percentage points. In addition, people in the MFIP group received an average of $1,666 more in welfare benefits during the 18 months than did people in the AFDC group.

Table 4

18-Month Impacts of MFIP for Single-Parent Long-Term Recipients in Rural Counties

Outcome	MFIP Group	AFDC Group	Difference[a] (Impact)	Percentage Change
During 18 months after random assignment				
Percent employed	72.3%	58.3%	14.0 ***	24.0
Earnings	$4,480	$4,212	$268	6.4
Welfare benefits received[b]	$11,150	$9,484	$1,666 ***	17.6
Total income[c]	$15,629	$13,696	$1,934 ***	14.1
Percent below 1994 poverty level[d]	75.9%	86.7%	-10.8 ***	-12.4
During months 16-18 after random assignment				
Percent employed	47.5%	43.6%	3.9	9.0
Receiving welfare benefits[b]	84.3%	72.5%	11.8 ***	16.3

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes 216 single parents assigned to the MFIP group and 226 single parents assigned to the AFDC group.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; and * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a] Percentage points, except where indicated as dollars ($).

[b] "Welfare benefits" are defined as receipt of either Food Stamp coupons or cash benefits from AFDC, Family General Assistance, or MFIP.

[c] "Total income" includes earnings plus welfare benefits, both based on administrative records.

[d] Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

- **MFIP reduced poverty among long-term, rural recipients, as a result of the increase in welfare payments to people who worked.**

The increase in welfare payments resulted in income for the MFIP group of $15,629, compared with $13,696 for the AFDC group, a difference of $1,934. The increase in income, in turn, reduced the incidence of poverty by 12 percent; 76 percent of the MFIP group had an income below the poverty line, compared with 87 percent of the AFDC group.

IV. Implementation Findings

- **Two different types of workers — financial workers and case managers — are responsible for delivering MFIP's messages and services.**

Both financial workers and case managers work with the MFIP caseload. As in AFDC, MFIP financial workers, most of whom were formerly financial workers in the AFDC system, are responsible for determining eligibility and processing welfare grants. They are also responsible for informing the caseload about the MFIP financial incentives and explaining that going to work is financially advantageous. All MFIP applicants and recipients meet at least once a year with an MFIP financial worker to have their eligibility for welfare verified. In the course of that interview, the financial worker tells them about MFIP's financial incentives. The financial worker may also discuss employment or the financial incentives, primarily by telephone or mail, at other times during the year.

The MFIP case managers work with the long-term recipients, who are immediately required to participate in MFIP's employment and training component. The case managers are responsible for developing individual employability plans and monitoring the caseload's progress in employment and training activities. Case managers are also supposed to reinforce the message that "work pays" under MFIP. In many cases, the same organizations that provide services through STRIDE (Minnesota's regular welfare-to-work program) also conduct the MFIP employment and training activities.

- **MFIP financial workers succeeded in conveying the message that work is financially advantageous in MFIP. Nevertheless, financial workers' overall responsibilities did not greatly change in MFIP, compared with their counterparts' responsibilities in AFDC.**

A survey of staff attitudes showed that all MFIP financial workers believed that their caseload was better off financially if they worked, while only about half the AFDC workers believed this about their caseload. Consequently, the MFIP staff were significantly more likely than their AFDC counterparts to stress that it pays to work and to encourage caseload members to get a job. In contrast, AFDC staff said they found it difficult to talk to their caseload about work because they do not feel that women on AFDC who get jobs will necessarily be better off. These AFDC workers were more likely to advise single mothers to get more education before looking for a job than were the MFIP staff.

MFIP financial workers felt that being able to talk to MFIP applicants and recipients about work made dramatic differences in how they interacted with their caseload. They did not, however, spend much more time than did AFDC financial workers talking with or advising recipients; their traditional duties of reviewing eligibility and processing grants remained their primary focus.

A survey of MFIP sample members one year after they had enrolled in the program indicated that most understood they would be financially better off if they worked, even if they did not understand all of the details about how their grant would be affected.

- **MFIP case managers, by reinforcing the information about the MFIP incentives, sent long-term recipients an even stronger message about the advantages of working.**

MFIP case managers were much more likely than the STRIDE case managers to believe that work was financially advantageous for their caseload. Consequently, they were more likely to talk about the advantages of work, to urge recipients to go to work quickly instead of raising their skill levels first, and to encourage them to take a job even if the recipient would not earn enough to leave welfare. They were also much more likely to mention the benefits of working as a way to motivate the caseload. They were able to reinforce at frequent intervals the message that work pays under MFIP, since they had monthly contact with most of their caseload.

- **MFIP's staff succeeded in focusing more strongly on work and quick job entry — in the context of the program's employment and training component — than was true in STRIDE. MFIP's participation mandate and greater emphasis on employment are reflected in the participation rate and patterns of the long-term recipients in the urban counties in the evaluation.**

The survey data presented in Table 5 show that long-term recipients in the MFIP group in the urban counties had a higher overall participation rate (58.7 percent) within 12 months of enrolling in the program than their counterparts in the AFDC group who could volunteer for services (43.7 percent). Compared with the AFDC group, long-term recipients in MFIP were also more likely to participate in activities geared toward early entry into the labor market (job search and career workshops) and less likely to participate in lengthy education and training programs. Many of the participants in the AFDC group enrolled in services offered through STRIDE, but a substantial proportion enrolled on their own in programs offered by other community organizations. About 22 percent of the long-term recipients in the MFIP group reported on the survey that they had been sanctioned for not complying with the participation mandate, a much higher rate of sanction than that reported by the AFDC group.

- **Offering incentives without requiring participation in employment and training activities had little effect on applicants' participation in those activities.**

Survey data in the urban counties show no significant differences within a 12-month follow-up period between the participation patterns of applicants in the MFIP group (who would not be subject to the mandatory participation requirement for two years) and their AFDC coun-

Table 5

Rates of Participation in Employment and Training Activities Within 12 Months of Enrolling in the Program, in Urban Counties

Outcome	MFIP Group	AFDC Group	Difference (Impact)
Long-term recipients[a]			
Ever participated in any activity (%)	58.7	43.7	15.1 **
Ever participated in (%):			
Career workshop	29.6	7.9	21.7 ***
Job search	41.4	14.3	27.2 ***
Basic education	11.1	15.0	-3.9
Post-secondary education[b]	9.8	19.2	-9.4 **
Vocational training[c]	6.9	9.1	-2.2
Work experience	0.8	2.3	-1.4
English as a Second Language	2.8	0.6	2.1
Other	2.7	5.6	-2.8
Ever sanctioned for noncompliance with employment and training requirements[d] (%)	22.2	5.1	17.2 ***
Applicants[e]			
Ever participated in any activity (%)	49.4	44.9	4.5
Ever participated in (%):			
Career workshop	9.6	6.5	3.1
Job search	18.5	14.0	4.5
Basic education	11.7	11.6	0.1
Post-secondary education[b]	15.5	17.6	-2.1
Vocational training[c]	10.3	8.8	1.4
Work experience	0.0[f]	1.0	-1.0
English as a Second Language	0.3	0.6	-0.3
Other	2.8	3.2	-0.3
Ever sanctioned for noncompliance with employment and training requirements[d] (%)	5.5	6.4	-0.9

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes for individual measures vary because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; and * = 10 percent.

Rounding may cause slight discrepancies in calculating sums and differences.

[a] This sample includes 141 recipients assigned to the MFIP group and 130 recipients assigned to the AFDC group.

[b] Post-secondary education is defined as courses for college credit at a two-year or four-year college.

[c] Vocational training is defined as training for a specific job, trade, or occupation that does not lead to college credit. It does not include on-the-job training or unpaid work experience.

[d] Sanctioned between date of random assignment and date of survey interview.

[e] This sample includes 217 applicants assigned to the MFIP group and 202 applicants assigned to the AFDC group.

[f] The mean is negative due to adjusting, but has been set equal to zero.

terparts who could volunteer for services (Table 5). Participation rates are relatively high for both groups and reflect activities conducted, for the most part, by organizations or programs other than MFIP or STRIDE. The applicants in MFIP were just as likely to participate in at least one activity, no more likely to participate in job search, and no less likely to participate in education activities than their AFDC counterparts. A comparison of the data in the top and bottom panels of Table 5 suggests that adding the mandate to participate in MFIP's employment and training services to the financial incentives affected decisions about participating in employment-related activities; offering an incentive alone had no effect on participation during the 12-month follow-up period.

V. Policy Implications

The early MFIP findings point to several important policy lessons for states interested in offering financial incentives to welfare recipients who go to work. This information will be especially useful as states consider how to apply the flexibility offered in the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 to reshape their welfare programs. In response to the early findings, Minnesota has already modified the MFIP design in preparation for expanding it into a statewide program to replace AFDC.

- **It was MFIP's combination of financial incentives and mandated activities that produced the increases in employment and earnings and the reductions in poverty for long-term urban recipients. Offering either component alone would not have achieved gains of this magnitude in both areas simultaneously.**

MFIP provides important new evidence that allowing families to retain more of their welfare grant when they go to work *and* requiring them to participate in a mix of activities geared toward work can boost their employment and earnings and make them better off financially.

The importance of coupling incentives with mandatory activities to increase work is illustrated by the fact that recipients in the MFIP Incentives Only group — who were offered incentives outside the context of mandatory employment activities — showed no increase in earnings. This finding is also supported by the fact that the MFIP applicants — who were offered the financial incentives but not immediately required to participate in employment-related activities — did not show sustained increases in employment and earnings. The results for applicants are only suggestive, since applicants differ in many ways from long-term recipients.

Conversely, the fact that the increase in total income among the long-term recipients was derived from welfare payments as well as from increased earnings suggests that mandating participation in activities without offering financial incentives would not have produced such big increases in total income. Few evaluations of programs that impose participation mandates without changing the financial incentives for working have shown employment and earnings impacts that are higher than MFIP's. While such programs often save taxpayers money, they frequently do not leave families much better off or reduce poverty because benefit reductions offset most or much of the earnings increases. Under MFIP, welfare costs do go up in the short run, but policymakers in Minnesota anticipated this increase and have been willing to spend more on supporting working families if the additional expense produces increases in employment, earnings, and total income. The long-run costs and benefits are not yet known.

- **MFIP's success with long-term recipients is particularly noteworthy. Conversely, the absence of a sustained increase in employment or earnings among applicants suggests the program might need to be structured differently for them.**

MFIP's success with long-term recipients is impressive because improving outcomes for this part of the welfare caseload has proved difficult in the past and will be of prime concern to states running programs under the new Temporary Assistance for Needy Families (TANF) block grant, which replaces AFDC.

In contrast, the financial incentives offered to MFIP applicants provided them with more welfare benefits but did not increase their work effort. In order to minimize these costs, a program might delay the offer of financial incentives until individuals have been on the caseload for some period of time. Alternatively, single parents might be offered financial incentives as soon as they begin receiving welfare, but they could be required to participate in employment and training activities before the two-year mark — after six months or a year, for example. Minnesota has adopted this alternative — offering incentives to new welfare recipients, but mandating participation in activities after six months of welfare receipt — for its statewide version of MFIP. Although this modification might boost employment and earnings among the targeted group and reduce welfare receipt, it is also likely to add to the short-term cost of providing employment and training services.

- **The implementation evidence suggests that the financial incentives were instrumental in shaping the employment focus of the mandated activities and services.**

As implemented, MFIP employment and training services place greater emphasis on quick job entry than on long-term education and training. To a great extent, this emphasis was reinforced by staff response to the MFIP financial incentives. Convinced that there was a financial pay-off to working, case managers found it easier to communicate a strong work message: They were more likely to urge their caseload to take jobs in the short run and to steer women into activities that would move them relatively quickly into the job market. It is not clear that staff — or welfare recipients — would have responded the same way to a program that mandated participation but did not offer special incentives for working.

- **In the short term, MFIP recipients stayed on welfare longer than their AFDC counterparts because they were able to combine welfare and work. It is unclear whether, over the long term, recipients will extend their work hours and go off welfare completely. This result has implications for imposing time limits on welfare receipt.**

Since the MFIP incentives are more generous for people who work part-time, and since those who worked at least 30 hours were exempt from MFIP's participation mandates, the increase in work effort was concentrated at 30 hours of work per week. In addition, MFIP recipients are staying on welfare longer than their AFDC counterparts. Allowing MFIP recipients to combine work and welfare was acceptable to policymakers in Minnesota for several reasons. First, combining work and welfare was seen as a way of increasing total income. Second, the MFIP designers felt that, if full-time work was not possible, part-time work was better than no work at all. Finally, policymakers believed that part-time work would give individuals on welfare an opportunity to establish themselves in the job market and achieve stability; having gained a foothold, they would, in time, be able to increase their work hours and/or attain higher-paying jobs and eventually become self-sufficient. The unanswered question at this time is whether a large proportion of those who were working part-time at the end of 18 months will increase their hours or earnings over the longer term.

Among the individuals in MFIP who are working part-time, the ability to establish an earnings progression will be particularly important when Minnesota implements the five-year time limit on receipt of federally funded cash welfare required by TANF. (Time limits were not operative in Minnesota during the evaluation period covered in this report. They were implemented statewide in July 1997, but will not affect the people in this study during the remainder of the research.) The implications of operating a program like MFIP in a time-limited welfare system have not yet been tested, but two caveats are important. First, welfare applicants and recipients might respond differently to the incentives if they face a lifetime limit on the number of years they can receive welfare. Second, making it easier for recipients to supplement work with welfare, thereby lengthening the period that employed individuals remain on welfare, may make it more likely that welfare recipients will use up their lifetime limit on welfare. Minnesota and other states might therefore consider "stopping the clock" for individuals who are working and still receiving welfare benefits.

- **Financial incentives may help change the culture of the welfare office and of welfare employment and training programs.**

The MFIP implementation findings suggest an important lesson about using a financial incentives policy. This strategy is usually thought of in terms of its effect on an individual's decisions about employment. The MFIP results suggest that financial incentives may have more wide-ranging effects as well.

In recent years, welfare administrators and policymakers have been skeptical about the feasibility of operating a program that allows individuals to combine work and welfare, because they feared it would be too burdensome for financial workers to process the grants. MFIP shows that it is not only feasible to do so, but also that it can create advantages for staff and families. For example, both MFIP financial workers and MFIP case managers stressed that it was easier to talk about work and budgeting income and to encourage single parents to go to work, because it was clear, for the first time, that working made the welfare caseload better off financially. Among other advantages, this facilitated the shift from an education-oriented to a work-oriented employment and training menu. In addition, because case managers and financial workers need to share information about MFIP recipients who are working, increasing the focus on work increased the amount of interaction between the two types of staff. Thus, the effect of an incentives policy can go beyond the individual welfare recipient.

VI. Future Research

The results presented in this report indicate that MFIP was successful in the short run for single-parent long-term welfare recipients in urban areas. The combination of incentives and mandatory services moved substantial numbers of the long-term recipients into the work force and increased their incomes by allowing them to combine welfare and work. In contrast, MFIP had little effect on employment among applicants for welfare but did increase their incomes by allowing working families to keep more of their welfare benefits. Furthermore, in the short run, MFIP's financial incentives produced the two outcomes anticipated: More people were encouraged to go to work (the case for long-term recipients) and welfare payments increased for people who would have worked anyway (the applicant result). MFIP did not have lasting effects on employment among long-term recipients in rural counties.

Future questions for long-term recipients are whether the gains will persist and whether those recipients who are combining work and welfare will eventually leave welfare. In particular, will the people who moved into the work force under MFIP stay employed and, if so, will their continued work experience allow them to move into full-time, higher-wage employment and to leave welfare entirely? This issue is particularly relevant in the new era of time-limited welfare. For applicants, the next question is whether the combination of mandatory activities with the incentives will increase employment among those who reach two years of welfare receipt.

Another important question relates to the program's overall costs. The short-term results show that the financial incentives increased welfare caseloads and costs. These welfare costs may go down in the long run as recipients move into full-time employment. In addition, however, the welfare costs must be compared with the benefits generated by the program, to determine the program's net cost to taxpayers. A future report in the evaluation will examine this issue in a benefit-cost analysis.

Finally, the success of a welfare reform program has typically been gauged by how it affects parents, with little attention given to its effects on the children in these families. It is well known that the level and stability of family income during childhood can have lasting influences on children, and welfare reform has the potential to dramatically alter these and other aspects of children's lives. A future report in the evaluation will address MFIP's effects on the well-being of children and their parents using survey data that cover several aspects of child well-being.

Chapter 1

Introduction

I. Background

In April 1994, the State of Minnesota began a major welfare reform effort aimed at encouraging work, reducing dependence on public assistance, and reducing poverty. The Minnesota Family Investment Program (MFIP) represents a vision of welfare as a support on the road to self-sufficiency. The program attempts to achieve its goals with a two-part approach: financial incentives to encourage work and mandatory participation in employment-focused services for long-term welfare recipients.

This report is the second in a series evaluating the effects of MFIP, which the Manpower Demonstration Research Corporation (MDRC) is conducting under contract with Minnesota's Department of Human Services (DHS). The first report, issued in November 1995, examined the first-year implementation and operation of MFIP and its early effects on welfare receipt and employment. This report examines the implementation of MFIP during its first two-and-a-half years of operation and presents one-and-a-half-year (18-month) impacts on employment, earnings, welfare receipt, and poverty. The research sample analyzed here represents about two-thirds of the total number of individuals in the program. Future reports will assess the longer-term effects of MFIP and provide a more comprehensive measure of its success by including a benefit-cost analysis and other measures of program outcomes. The results presented here, although short-term, will prove valuable not only to policymakers in Minnesota, as they incorporate key elements of MFIP into a statewide program, but to policymakers in other states, who must also determine the best method of providing assistance to low-income families.

This chapter introduces the MFIP program and discusses the ways in which it differs from the Aid to Families with Dependent Children (AFDC) system. The MFIP evaluation is described, including the research groups and subgroups, and the major policy issues addressed by the evaluation are outlined. Finally, the specific policy questions to be answered by this report are articulated and the results of the evaluation are placed in the broader context of welfare reform.

A. The Issues

In forming its new vision of welfare, Minnesota dealt with many of the common concerns surrounding AFDC, the traditional welfare system in the United States. AFDC, for example, originally developed to provide assistance to widows and their children, had long been characterized as focusing more on verifying eligibility and processing welfare payments than on helping people move from welfare to work. Also, the rules of AFDC provide a clear disincentive to work: a single mother receiving benefits is often better off not working because of the high rate at which she loses benefits as she earns income.

Officials in Minnesota were also concerned about the incidence of child poverty. First, as the result of overall economic trends, poverty rates have increased for families with children since the mid-1970s.[1] At the same time, welfare benefits provided under the AFDC system have not kept pace with inflation: The average maximum benefit for a three-person family dropped 47 percent in the last twenty years.[2] This suggests that low-income families with children are finding it more and more difficult to make ends meet. Today, in part as a result of these trends, one in five children nationwide lives below the poverty line.[3] The negative effects of poverty during childhood have been well documented.[4]

B. Minnesota's Response: MFIP

Minnesota sought to address these issues as it developed its new vision of welfare in the late 1980s, well before the passage of the landmark Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (P.L. 104-193).[5] It designed a welfare system that attempts to both encourage employment and lift working families out of poverty. This system combines two components: enhanced financial incentives (an income strategy) and mandatory participation in employment-focused services for long-term welfare recipients (a service strategy). Minnesota's new vision of welfare differs significantly from past welfare reform approaches, which usually emphasize one or the other strategy. Although recent research indicates that each approach has some promise, each one by itself also has limitations.[6] Enhanced financial incentives that allow welfare recipients to keep part of their benefits when they work can increase family income and reduce poverty. But they can also increase welfare caseloads and thus costs to taxpayers. A service strategy helps to move families into employment but will not necessarily reduce poverty if the work is low-wage. MFIP's combination of up-front financial incentives followed by employment-focused services for those not able or willing to find work on their own was designed to maximize the positive effects of each strategy — that is, to both encourage work and reduce poverty — while containing government costs.

Many of the ideas behind MFIP date back to the recommendation of a 1986 bipartisan Governor's Commission on Welfare Reform. The design for MFIP itself was developed later, led by planners in Minnesota's Department of Human Services. The planning process also included input and review by county officials, advocacy groups, welfare recipients, business representatives, and others. In 1988, the state legislature authorized development of the required federal waivers, and in 1994 Minnesota received final federal approval to implement its new welfare model.

MFIP integrates several programs in the Minnesota welfare system. These include not only AFDC (the core of the traditional system), but also STRIDE, the state's JOBS program,[7] which operates on a voluntary basis for certain targeted groups of AFDC recipients; the state-run Family General Assistance (FGA) program, which allows some low-income families to qualify for welfare who would not qualify under AFDC; and the federally funded Food Stamp program, which provides assistance in the form of coupons to be spent on food.[8] MFIP does not replace or change Medicaid, the federal-state health program serving low-income families, which is available equally to recipients of MFIP or AFDC.

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[1] U.S. Bureau of Census, 1995.

[2] U.S. House of Representatives, Committee on Ways and Means, 1996.

[3] Annie E. Casey Foundation, 1997.

[4] See, for example, Huston, 1991.

[5] In response to the 1996 federal welfare reform law, Minnesota has adopted a modified version of MFIP statewide.

[6] See Bloom, 1997.

[7] The Job Opportunities and Basic Skills Training (JOBS) program was established by the Family Support Act of 1988 and is designed to move people from welfare to work through education, training, and work experience.

As shown in detail in Table 1.1, MFIP differs from the AFDC system in three fundamental ways:

- **MFIP makes work pay for families on welfare**. This is accomplished primarily by decreasing the extent to which families' welfare grants are reduced when they work. For a family on AFDC, some earnings are disregarded when benefit amounts are calculated, but benefits are still reduced substantially for each dollar of earnings. Under MFIP, much more of a family's earnings are disregarded when determining benefit levels. MFIP's more generous disregard ensures that working will *always* result in more income than not working.[9] For example, as illustrated in Figure 1.1 and detailed in Table 1.2, a single parent with two children who has no income from work receives the same $769 in monthly welfare benefits under MFIP or the AFDC system. If she works 20 hours per week at $6 per hour, her grant is reduced by $237 less under MFIP than it would be under the AFDC system (see Figure 1.1).[10] If she works 40 hours per week at $6 per hour, her monthly grant is reduced under MFIP by $148 less than under AFDC. Thus, compared with the AFDC system, MFIP provides an incentive to work, and a relatively greater incentive to work part-time than full-time. MFIP allows families to continue to receive supplemental benefits while they work, until their income reaches approximately 140 percent of the poverty level.[11]

  MFIP child care payments also encourage work because MFIP pays child care expenses directly to the provider, leaving recipients with no up-front costs. AFDC recipients, in contrast, must pay for child care up-front, and those costs can be subtracted from their income when their AFDC grant is calculated. Thus, although AFDC recipients are eventually reimbursed for child care expenses, this process can take up to two months.

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[8] The term "AFDC system" is used throughout this report to represent the range of programs that MFIP is designed to replace; the term "AFDC" is used when referring specifically to the AFDC program itself. The term "welfare" refers to all of the above programs, including both MFIP and the AFDC system.

[9] Note that the more generous income disregard implies that MFIP benefits will be available to many families who would not have been eligible for benefits under AFDC, leading to an increase in welfare costs for that group. This factor made cost control in other areas an important part of MFIP. An example of this is MFIP's strategy of providing employment-related services only to long-term recipients.

[10] Dollar amounts in this chapter correspond to benefit levels and rules in effect in 1994, when MFIP began.

[11] This level reflects MFIP rules in effect through 1997.

Table 1.1

Major Differences in Rules for Financial Assistance, Administration of Benefits, and Employment and Training Programs Under the AFDC System and MFIP

Program Dimension	AFDC System[a]	MFIP
Eligibility		
Income requirements	AFDC and Food Stamps have both gross and net income requirements that households must meet in order to be eligible for benefits.	Net income requirement only.
Asset limits	AFDC asset limit of $1,000, with $1,500 exemption for one vehicle. Food Stamp asset limit of $2,000, with exemption for one vehicle with a value of up to $4,500.	Asset limit of $2,000, with exemption for vehicles with a combined equity value of up to $4,500.
Who is included in the assistance unit	Stepparents, relatives, and others living with the applicant family are not considered part of the household by AFDC, but their income may be counted in determining Food Stamp eligibility and benefit levels.	Some individuals, such as stepparents and parents of minor parents, can decide whether to be included in the MFIP household. If they decide not to be, they are not eligible to receive Food Stamps separately. Other relatives are not included in determining eligibility or benefit levels, but may receive Food Stamps separately.
Work history requirements and work limits for two-parent families	To be eligible for AFDC, one parent must either be incapacitated or report a recent work history, and must work less than 100 hours per month. Minnesota's Family General Assistance (FGA) program does not have these requirements.	No such requirements.
Financial assistance		
Grant calculation when a recipient has earned income	AFDC grant calculation excludes $120 and one-third of any remaining monthly earnings during the first 4 months of work; $120 during the next 8 months; $90 per month thereafter. Food Stamp grant calculation excludes 70 percent of net income. Net income includes the AFDC grant but excludes 20 percent of gross earnings, a $131 standard deduction, and up to $207 of excess shelter expenses.[b]	If there is no earned income, maximum grant equals the combined value of AFDC and Food Stamps. If there is earned income, benefits equal the maximum grant increased by 20 percent, minus net income. (Net income excludes 38 percent of gross earnings.) However, benefits may not exceed the maximum grant level.

(continued)

Table 1.1 (continued)

Program Dimension	AFDC System[a]	MFIP
Child care assistance for working parents	Child care reimbursed up to $175 ($200 for children under age 2) as part of AFDC grant, with additional costs reimbursed separately up to county maximum rate.	Child care paid directly to child care provider, up to county maximum rate.
Transitional child care and Medicaid	AFDC transitional benefits available for the first 12 months after a registrant leaves welfare for work. Sliding-fee child care is available subsequently.	Same as AFDC.
Penalty for noncompliance with required activities	Noncompliant parent removed from grant.	Grant reduced by 10 percent.
Administration of benefits		
Number of public assistance programs	Three separate programs: AFDC, Food Stamps, and FGA.	One program consolidates and replaces AFDC, Food Stamps, and FGA.
Method of providing Food Stamp benefits	Provided as coupons (Electronic Benefits Transfer in Hennepin County).	Provided as cash, together with other benefits, unless coupons requested by recipient.
Employment and training programs[b]		
Mandatory activities		
Single-parent families	Mandatory orientation to STRIDE (Minnesota's JOBS program) for AFDC applicants in a STRIDE target group, except those with children under age 3.	Mandatory participation in MFIP employment and training services for single parents with no children under age 1, who have received welfare for more than 2 years.
Two-parent families	Mandatory orientation and participation in job search and the Community Work Experience Program by primary wage-earner. Second parent may volunteer for STRIDE.	Mandatory participation in MFIP employment and training services by one parent if family has received welfare for more than 6 months.

(continued)

Table 1.1 (continued)

Program Dimension	AFDC System[a]	MFIP
Parents under age 20	Mandatory participation in an education activity for those who have not completed high school or earned a General Educational Development (GED) certificate.	Same as AFDC.
Target groups for voluntary activities	Those in the following target groups may volunteer for STRIDE: single parents who have received aid for 36 of the past 60 months; are custodial parents under age 24 without a high school diploma or the equivalent, or have limited work experience;[c] or are within 2 years of becoming ineligible for aid because the youngest child is age 16 or older.	After July 1995, MFIP sample members who had been receiving welfare for less than 24 months were allowed to volunteer for MFIP services. The number who could volunteer was capped at 10 percent of the MFIP caseload for each case management agency.
Support services	Child care, transportation, and work-related expenses covered for STRIDE participants. Child care not available for social services required to remove barriers to employment.	Child care, transportation, and work-related expenses covered for MFIP employment and training participants. Child care available for social services required to remove barriers to employment, such as attendance at chemical dependency counseling.

SOURCES: AFDC and MFIP planning documents and eligibility manuals.

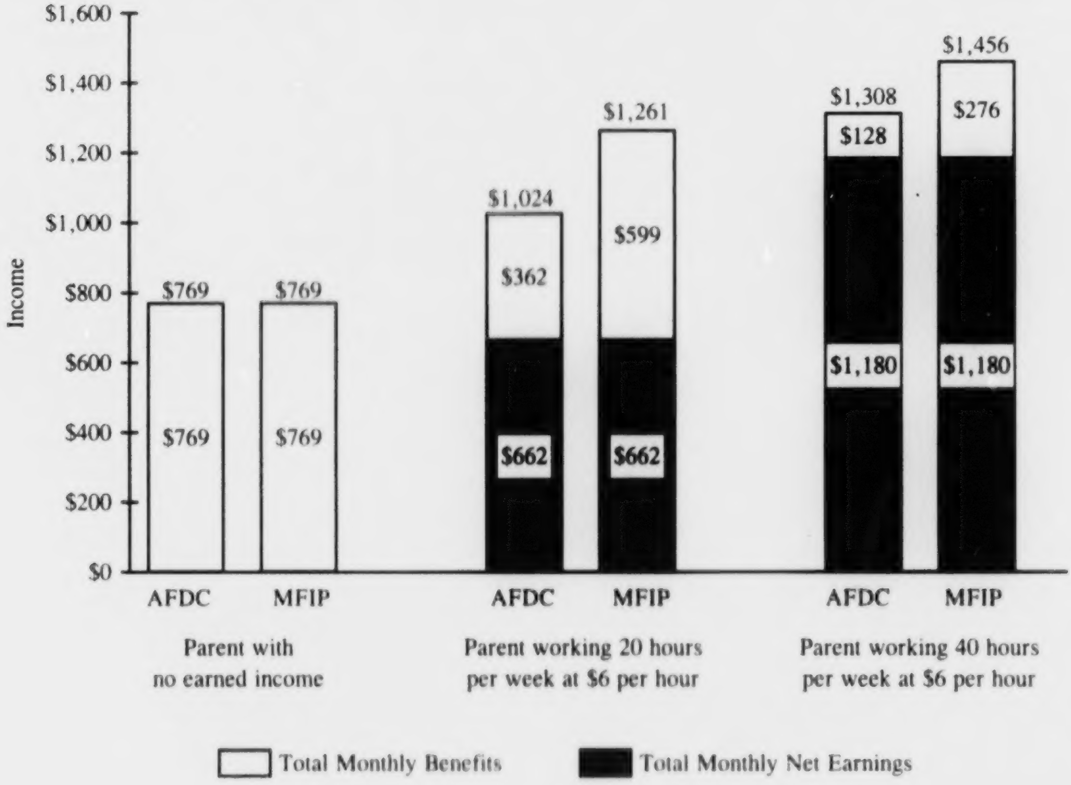
NOTES: [a]The term AFDC system is used throughout this report to represent the range of programs MFIP is designed to replace, including not only AFDC but also Food Stamps, the Family General Assistance (FGA) program, and Minnesota's JOBS program, STRIDE. The rules shown above are primarily related to AFDC, except where otherwise noted.

[b]Employment and training rules described for the "AFDC System" are the rules for AFDC recipients. They do not apply to those receiving only FGA or Food Stamps. These calculation standards were in effect in 1994.

[c]Limited work experience is defined as fewer than 6 months of full-time employment within the past 12 months.

Figure 1.1

How MFIP Makes Work Pay: Examples of Monthly Income for a Single Parent with Two Children Under MFIP and AFDC



SOURCES: U.S. House of Representatives, Committee on Ways and Means, *The 1994 Green Book: Overview of Entitlement Programs* (Washington, D.C.: Government Printing Office, 1994); 1994 MFIP eligibility manual.

NOTES: See Table 1.2. In addition, monthly net earnings are based on the sum of the parent's monthly earnings and Earned Income Tax Credit, minus any applicable income taxes.

Monthly benefits are based on the sum of the monthly MFIP or AFDC grant plus any Food Stamp benefits.

AFDC grant calculations are based on AFDC rules for the 5th and 12th month of employment.

Table 1.2

Monthly Family Income at Selected Employment Levels for a Single Parent with Two Children Under MFIP and the AFDC System

		Income Under the AFDC System[a]	
Employment Level and Income Component	Income Under MFIP ($)[b]	During First 4 Months of Employment ($)[c]	During 5th to 12th Months of Employment ($)[d]
Not employed			
MFIP or AFDC grant[e]	769	532	532
Food Stamp benefit[f]	0	237	237
Total monthly benefits	**769**	**769**	**769**
Earnings	0	0	0
Earned Income Tax Credit[g]	0	0	0
Taxes[h]	0	0	0
Total monthly net earnings	**0**	**0**	**0**
Total	**769**	**769**	**769**
Employed 20 hours per week at $6 per hour			
MFIP or AFDC grant[e]	599	264	130
Food Stamp benefit[f]	0	192	232
Total monthly benefits	**599**	**456**	**362**
Earnings	522	522	522
Earned Income Tax Credit[g]	180	180	180
Taxes[h]	-40	-40	-40
Total monthly net earnings	**662**	**662**	**662**
Total	**1,261**	**1,118**	**1,024**
Employed 40 hours per week at $6 per hour			
MFIP or AFDC grant[e]	276	0	0
Food Stamp benefit[f]	0	128	128
Total monthly benefits	**276**	**128**	**128**
Earnings	1,044	1,044	1,044
Earned Income Tax Credit[g]	216	216	216
Taxes[h]	-80	-80	-80
Total monthly net earnings	**1,180**	**1,180**	**1,180**
Total	**1,456**	**1,308**	**1,308**

(continued)

Table 1.2 (continued)

SOURCES: U.S. House of Representatives, Committee on Ways and Means, *The 1994 Green Book: Overview of Entitlement Programs* (Washington, D.C.: U.S. Government Printing Office, 1994); MFIP eligibility manual.

NOTES: Calculations are based on AFDC, Food Stamp, MFIP, income tax, and Earned Income Tax Credit (EITC) rules for April through June 1994.

[a] The term "AFDC system" is used throughout this report to describe the range of programs MFIP is designed to replace, including not only AFDC but also Food Stamps, the Family General Assistance program, and Minnesota's JOBS program, STRIDE.

[b] MFIP combines AFDC and Food Stamp benefits into one cash grant. A recipient with no other income receives the maximum grant, which is the maximum combined value of AFDC and Food Stamps. An employed recipient receives the lower of (a) the maximum grant increased by 20 percent, minus net income, or (b) the maximum grant. Net income excludes 38 percent of gross earnings.

[c] The AFDC grant calculation disregards $120 of gross earnings and one-third of any additional monthly earnings.

[d] The AFDC grant calculation disregards $120 of gross earnings. After the 12th month of employment, AFDC recipients are eligible for only a $90 earnings disregard.

[e] Grant calculations assume no unreimbursed child care costs and no child support collections. AFDC and Food Stamp benefit amounts are based on $500 per month rent.

[f] The Food Stamp calculation disregards 70 percent of net income. Net income includes the AFDC grant but excludes 20 percent of gross earnings, a $131 standard deduction, and up to $207 of excess shelter expenses.

[g] Earned Income Tax Credit (EITC) calculations are based on dividing the expected yearly lump sum payment by 12. Calculations include Minnesota's Working Family Credit, which amounts to 15 percent of the federal EITC.

[h] Taxes include Social Security and Medicare taxes and state and federal income taxes.

- **MFIP requires long-term public assistance recipients to participate in employment and training services.** Many public assistance recipients leave welfare quickly on their own, while others are expected to respond to MFIP's financial incentives by finding jobs. To target services and control costs, MFIP focuses employment services on longer-term recipients, who are less likely than others to find jobs without assistance and who account for a large share of welfare expenditures. Under MFIP, single parents who have received public assistance for 24 of the past 36 months (and two-parent families who have received assistance for 6 of the past 12 months) are required to participate in employment and training activities in order to continue receiving their full grants.[12] Individuals are exempt from participating if they have a child under the age of 1, if they have other "good cause" reasons, or if they are working at least 30 hours per week.

  MFIP's employment and training services are a substitute for those provided under AFDC through the STRIDE program. As in STRIDE, MFIP services might include immediate job search or participation in an education or job training program. However, MFIP differs from STRIDE in two significant ways: STRIDE is essentially a voluntary program and has a strong focus on education and training, whereas MFIP is mandatory for long-term recipients and places greater emphasis on rapid entry into employment.

- **MFIP consolidates benefits and simplifies public assistance rules and procedures**. MFIP combines the benefits of AFDC, Family General Assistance, and Food Stamps into a single program, so families on MFIP encounter a single set of rules and procedures. In addition, recipients receive Food Stamp benefits as part of their cash public assistance grant, instead of separately as coupons (as they do under the AFDC system). Program rules are especially simplified for two-parent families, who face multiple work history requirements and work effort limitations under the existing welfare system.[13]

II. MFIP Versus AFDC

In order to understand the effects of MFIP and the AFDC system on recipients' behavior, it is important to understand the different ways in which they treat recipients. The following is a comparison of the two programs, which operate side-by-side in the program counties. They are first compared from the perspective of a single-parent family and then from the perspective of a two-parent family.

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[12] In Minnesota, this component of MFIP is referred to as MFIP case management, reflecting the program's emphasis on providing employment and training services within a case management structure.

[13] In order to be eligible for AFDC, two-parent families must document a substantial prior work history, but cannot be currently working more than 100 hours per month. Those who do not meet the AFDC eligibility guidelines may qualify for benefits under the state's Family General Assistance program. MFIP simplifies welfare rules by consolidating these two programs into a single set of eligibility rules.

Parents enter the demonstration in one of two ways. New applicants for welfare are randomly assigned to either the AFDC system or MFIP just before they have their initial eligibility interview (see Figure 1.2 for an illustration). Welfare recipients already on the AFDC caseload are randomly assigned to either group when they come in for their annual redetermination or recertification of eligibility.

A. Single-Parent Families in the AFDC System

If assigned to the AFDC system, a single parent is interviewed at her county financial assistance office to determine whether she is eligible for program benefits.[14] If her eligibility is verified, she receives a monthly grant including cash benefits, Food Stamp coupons, and Medicaid. If she works, her welfare grant is reduced as she earns income by an amount that increases over time, the longer she had been working (see Table 1.1 for details). A parent with two children is no longer eligible for assistance under the AFDC system when her monthly earnings reach $1,289. If she does not work and experiences no changes in her income or family situation, she comes into contact with the welfare office once a year when she returns for redetermination of eligibility.

All nonexempt new AFDC recipients receive an orientation to the STRIDE program, which provides education, training, and other services.[15] After the orientation, only those in a STRIDE "target group" — that is, women who have received aid for 36 out of the previous 60 months; women who are under age 24 and do not have a high school diploma or a General Educational Development certificate (GED), or have limited work experience; and women who are within two years of becoming ineligible for aid because their youngest child is 16 or older — are eligible to volunteer for STRIDE. Other AFDC applicants and recipients are not eligible for STRIDE services until they meet one of those criteria. Women who are under age 20 and who lack a high school diploma or a GED certificate are required to participate in a STRIDE education activity and can be sanctioned for noncompliance.

A woman who volunteers for STRIDE meets individually with a case manager to develop a "self-sufficiency" plan, which generally outlines steps that will put her in a position to secure a job at a wage rate high enough to move her family off assistance and out of poverty; typically these plans include participation in education or training programs. Child care costs can be paid directly by STRIDE only for participants in education or employment-related activities, such as job search. Through mid-1995, volunteers, who typically enter the program to gain further education, were free to leave STRIDE at any time without penalty.[16]

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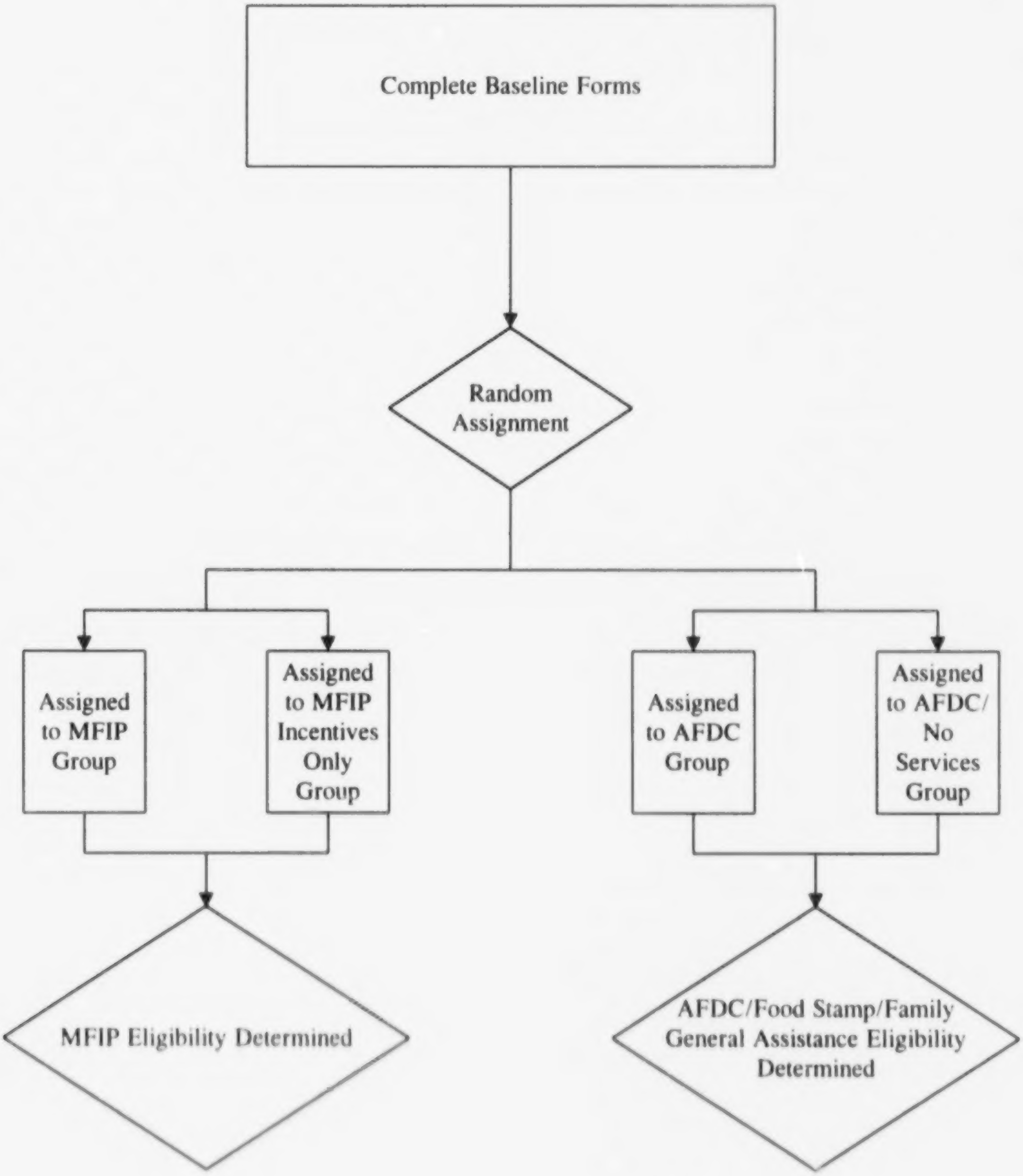
[14] The feminine pronoun is used because most welfare parents are women.

[15] Exemptions include caring for a child under age 3 or working at least 30 hours per week.

[16] After mid-1995, individuals who volunteered for STRIDE services enrolled in an activity, and ceased to participate could be sanctioned for noncompliance.

Figure 1.2

Overview of the Intake and Random Assignment Process for the MFIP Evaluation


Complete Baseline Forms
Random Assignment
Assigned to MFIP Group
Assigned to MFIP Incentives Only Group
Assigned to AFDC Group
Assigned to AFDC/ No Services Group
MFIP Eligibility Determined
AFDC/Food Stamp/Family General Assistance Eligibility Determined

B. Single-Parent Families in MFIP

If assigned to MFIP, a single-parent applicant attends an eligibility interview with a specialized MFIP worker. At that interview, she learns how MFIP is designed to make work pay, how her benefits will be affected if she is working or goes to work, and when she will be required to participate in employment and training services. If found eligible for MFIP benefits, she receives a monthly cash grant, which includes Food Stamp benefits in cash, rather than coupons, and Medicaid. If she works, her grant is reduced but, as explained earlier, the reduction is smaller under MFIP than it would have been under AFDC (see Table 1.1 for details). A single parent with two children is no longer eligible for MFIP when her earnings reach $1,487 per month — $198 more than under AFDC.

Ongoing AFDC recipients (i.e., those who are receiving assistance at the time of random assignment) assigned to MFIP at the time of their recertification interview receive the same information about the program that applicants receive. If they are determined to be eligible for welfare, their cases are converted from AFDC to MFIP, and they receive MFIP benefits and incentives.

Once an MFIP parent has received welfare for 24 of the preceding 36 months, and if she works less than 30 hours per week, she is required to participate in MFIP's employment and training services. When she becomes subject to the mandatory participation requirement, she is notified and referred to an MFIP service provider agency. MFIP recipients who are not yet subject to the participation mandate can volunteer for services elsewhere in the community, but not for MFIP or STRIDE services.[17] The MFIP employment and training component is designed not only to provide services to develop skills and move people into employment, but also to reinforce the message about the financial incentives for working. Thus, the financial incentives of MFIP are more strongly marketed to individuals participating in these activities.

An MFIP parent next develops an employment plan with an MFIP case manager. As in STRIDE, the plan can include education and other activities. In contrast to STRIDE's long-term approach and its emphasis on education, however, MFIP emphasizes quicker entry into the work force and the use of part-time and possibly low-wage work, perhaps combined with education, as a stepping stone to full-time work and self-sufficiency. As explained earlier, MFIP pays child care costs directly to the provider if child care is required for participation in any component of the plan, including employment.[18] If the parent does not comply with the requirements of MFIP's employment and training component, she faces a 10 percent reduction in her welfare grant.

C. Two-Parent Families

Two-parent families account for approximately 10 percent of families receiving welfare in Minnesota. In terms of earned income disregards, the differences between the AFDC system and MFIP are similar for two-parent and single-parent families. As noted above, however, under the AFDC system the eligibility and application process for two-parent families is more complex than for single-parent families. MFIP streamlines eligibility rules for two-parent families to make them similar to those for single parents. For example, it eliminates the "100-hour rule," which makes families ineligible for AFDC benefits if the primary wage-earner works more than 100 hours per month.

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[17] Since July 1995, a limited number of spaces have been opened for volunteers for MFIP services.

[18] Unlike STRIDE, MFIP also will pay for child care while a participant attends family counseling or other social services activities if the services are part of his or her employment plan.

Furthermore, the work-related requirements for two-parent families are less restrictive under MFIP than under AFDC. Once a two-parent family begins receiving AFDC, the principal wage-earner must conduct a job search and, if no job is found within 4 weeks, he or she must work in a Community Work Experience Program (CWEP) in exchange for welfare.[19] The sanction for not complying with these requirements is the removal of the noncompliant parent's needs from the case. Under MFIP, two-parent families face no work-related requirements until they have received welfare for six months. After that point, the requirements are similar to those for single parents — that is, developing and following through on a self-sufficiency plan. As is true for single-parenting families, two-parent families who fail to comply with MFIP's employment and training requirements face a 10 percent reduction in their grants.

III. The MFIP Evaluation

MFIP was implemented as a field trial on April 1, 1994, in the three urban counties of Hennepin, Anoka, and Dakota, and the four rural counties of Mille Lacs, Morrison, Sherburne, and Todd.[20] As noted earlier, applicants for and recipients of public assistance were randomly assigned to either the AFDC system or the MFIP system. Random assignment began in April 1994 and concluded in March 1996, after a total of 14,639 families had entered the research sample. In order to assess the effects of MFIP, the evaluation will follow families in the sample for at least two years, obtaining information on welfare receipt, earnings from employment, and other outcomes. Most families will eventually be followed for at least three-and-a-half years.

The evaluation will examine a range of outcome measures, in order to capture, to the fullest extent possible, the effects of MFIP on the lives of families. Standard outcome measures that capture effects on work and welfare behavior include employment rates, earnings, and welfare receipt. Outcome measures that capture the well-being of families include income and poverty rates. MFIP's impacts on each of these measures will be estimated by comparing average outcomes across the research groups. The process of random assignment provides a powerful tool for estimating program impacts in this fashion. Because families are randomly assigned to different research groups, any differences across groups in post-program outcomes should be the result of the different programs they received.

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[19] CWEP was not fully operational until late 1995.

[20] An eighth county, Ramsey County, entered the demonstration in July 1996, and is not included in this report. MFIP-R, as the Ramsey County program is known, has a somewhat different program and research design than MFIP. An analysis of the Ramsey program will be included in a future report.

Single-parent families are assigned to one of four research groups — MFIP, AFDC, MFIP Incentives Only, and AFDC/No Services.[21] (See Figure 1.3 for an illustration of the random assignment design.) The first two groups are of primary interest in this evaluation and are key to describing the program's overall impacts.

1. **MFIP.** All families assigned to the MFIP group receive MFIP benefits and financial incentives; those parents who were receiving public assistance for 24 of the past 36 months are considered long-term recipients, and they must participate in MFIP's employment and training services. Applicants, who have not reached eligibility for mandatory services, can volunteer to participate in employment and training services offered outside the MFIP and STRIDE programs; when and if they continue to receive benefits for 24 months, they must participate in MFIP's employment and training services. (That is, they are subject to a "time trigger.")

2. **AFDC.** Families assigned to this group are eligible for the typical benefits and services offered by Minnesota's AFDC and STRIDE programs. They are subject to the financial rules of the AFDC system, described above, and, if in a target group, are eligible to volunteer for STRIDE services.

A comparison of outcomes between the MFIP and AFDC groups is of primary interest and will answer the question, *What is the impact, when compared with the AFDC system, of providing and marketing financial incentives in combination with time-triggered mandatory employment and training services?*

The third group, which mixes elements of both MFIP and STRIDE, was created for the purpose of the evaluation in order to help disentangle the effects of MFIP's two components — financial incentives and mandatory employment and training services:

3. **MFIP Incentives Only.** Families assigned to this group receive MFIP benefits and financial incentives; the rules regarding the incentives are explained to them at their initial eligibility interviews. In addition, if they are in a STRIDE target group, they can volunteer to participate in STRIDE services. This group is not subject to time-triggered, mandatory services and is not eligible for MFIP employment and training services.

First, a comparison of outcomes for the MFIP Incentives Only and AFDC groups will provide a test of the effects of enhanced financial incentives — i.e., financial incentives that include a larger earnings disregard than the one used under AFDC. These two groups receive the same employment services but receive different financial incentives to work. Second, a comparison of outcomes for the MFIP and MFIP Incentives Only groups will provide an estimate of the effects of adding time-triggered, mandatory services to the financial incentives, thereby sending a strong work message and reinforcing the message about these incentives. These two groups receive the same financial incentives to work, but members of the MFIP group must participate in employment services (when they become eligible), in which the financial incentives message

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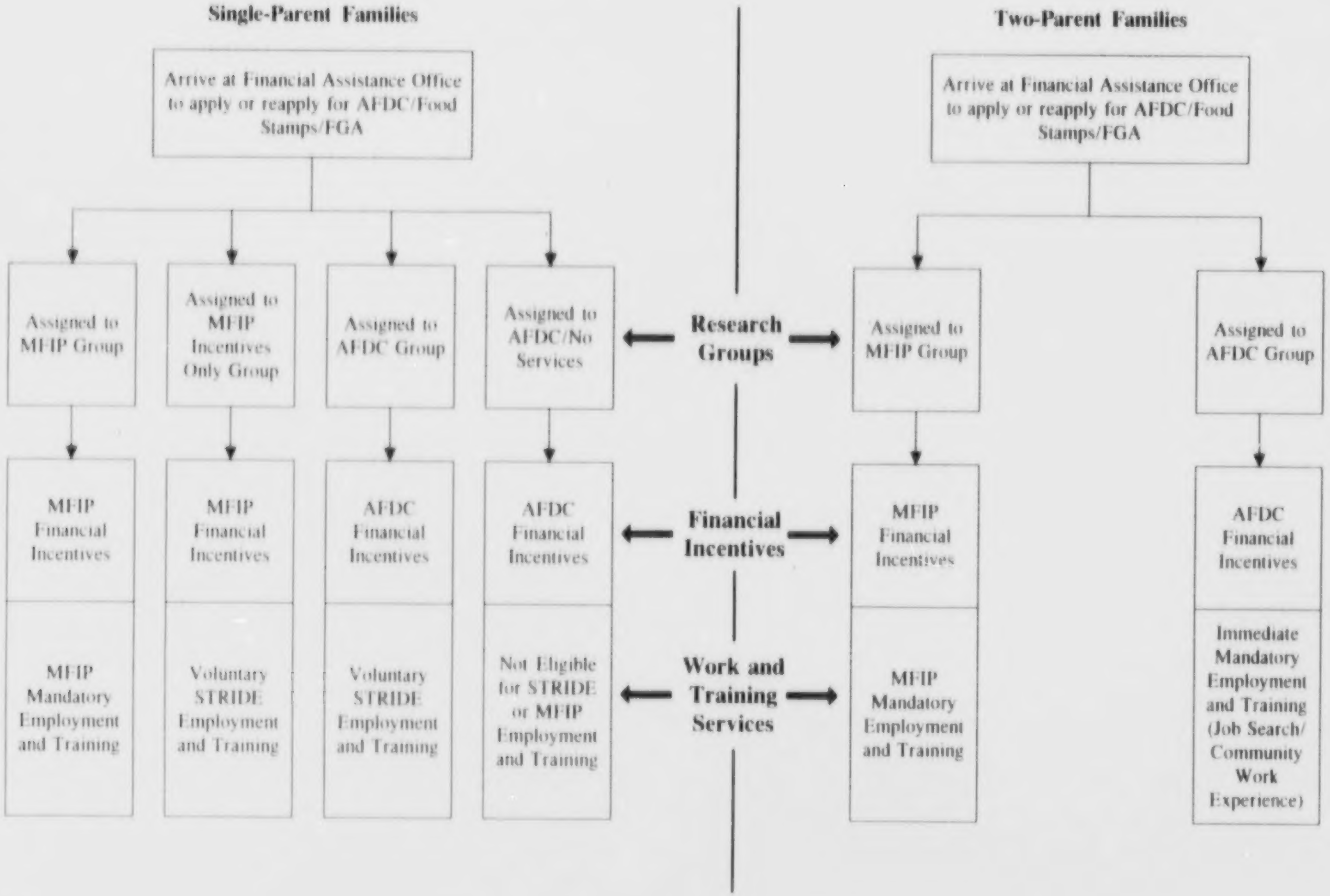
[21] Two-parent families are assigned to one of two research groups, as described in Chapter 5.

Figure 1.3

MFIP Random Assignment Design


Single-Parent Families
Arrive at Financial Assistance Office to apply or reapply for AFDC/Food Stamps/FGA
Assigned to MFIP Group
Assigned to MFIP Incentives Only Group
Assigned to AFDC Group
Assigned to AFDC/No Services
MFIP Financial Incentives
MFIP Financial Incentives
AFDC Financial Incentives
AFDC Financial Incentives
MFIP Mandatory Employment and Training
Voluntary STRIDE Employment and Training
Voluntary STRIDE Employment and Training
Not Eligible for STRIDE or MFIP Employment and Training
Research Groups
Financial Incentives
Work and Training Services
Two-Parent Families
Arrive at Financial Assistance Office to apply or reapply for AFDC/Food Stamps/FGA
Assigned to MFIP Group
Assigned to AFDC Group
MFIP Financial Incentives
AFDC Financial Incentives
MFIP Mandatory Employment and Training
Immediate Mandatory Employment and Training (Job Search/ Community Work Experience)

is reinforced ("marketed") further. As is discussed more fully later in the report, this comparison does not measure only the effects of mandatory services, because the financial incentives message may have been reinforced during service provision and because the financial incentives may improve the effectiveness of these services.

Finally, a test of the effects of the STRIDE program can be conducted by comparing outcomes for the AFDC group and an AFDC/No Services group:

4. **AFDC/No Services.** This group continues to receive assistance under the AFDC system but is not eligible to receive STRIDE services.

Since an evaluation of STRIDE is of secondary interest to MFIP, the description of this group and test is reserved for Appendix F.

A. Subgroups

Throughout the report, analyses are presented separately for two major subgroups of single parents *applicants* and long-term *recipients*.[22] These subgroups were chosen partly because they differ with respect to observable characteristics, such as prior employment and prior welfare receipt, but primarily because they faced different policies under MFIP. As explained above, since MFIP's employment and training services do not become mandatory until an applicant or recipient has received welfare for 24 of the preceding 36 months, applicants for welfare are not subject to this requirement for at least two years.[23] In contrast, long-term recipients are immediately required to participate in these services.

For this reason, most analyses in the report are conducted for the following two groups: (1) *applicants* for welfare — individuals who had not received welfare in the three years prior to random assignment, and (2) *long-term recipients* — individuals who, at random assignment, had received welfare for at least 24 of the past 36 months. Thus, only the long-term recipient group receives the MFIP program for the entire follow-up period covered by this report. In contrast, because this report covers the first one-and-a-half years after random assignment, the program facing applicants consists primarily of enhanced financial incentives, since most applicants will not reach the two-year mark during that time. We refer to the subgroups by their status at the time of random assignment. Therefore, parents who entered the demonstration when they applied for welfare are always referred to as "applicants," even though most become recipients of welfare once their eligibility has been verified.

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[22] Subgroups of two-parent families are similarly defined and will be discussed in Chapter 5.

[23] These two categories do not include ongoing recipients who, at random assignment, had received welfare for less than 24 of the previous 36 months. These *short-term recipients* represent a relatively small group. Some of these recipients will meet the participation requirement a few months after random assignment, while others will meet it up to 23 months after random assignment. Most results for this group are not discussed in the text and are presented in appendix tables.

IV. Key Policy Questions

The MFIP report published in November 1995 presented a positive picture of the program in its first year.[24] MFIP financial workers and case managers were successful in implementing the program as intended. The mission of the welfare office had begun to change, as MFIP financial workers spent time reinforcing MFIP's financial incentives and encouraging families to move into employment, and MFIP's employment and training services were being implemented as a mandatory, work-focused program.

The report also suggested that MFIP's two main components — financial incentives and mandatory services — appear to reinforce each other. Financial incentive policies helped staff promote work and discuss work with clients in a way that they would not have done under AFDC. Case managers reported that they felt more comfortable with a participation mandate and work-focused services because they knew families on MFIP would be financially better off if parents worked. Finally, the early impact findings indicated that six months after random assignment, single-parent MFIP recipients were more likely to be working or off assistance than their AFDC group counterparts. MFIP did not produce similar effects for applicants, but it did increase welfare receipt among all subgroups.

This report builds on those early findings and provides additional information on MFIP's implementation and impacts. It examines in more depth how the culture of the welfare office was being transformed and how financial workers' and case managers' messages to recipients were changing. This report also presents data on participation rates in employment-related activities and on MFIP's effects, after one-and-a-half years, on employment, earnings, welfare receipt, income, and poverty. Since over 90 percent of welfare recipients in Minnesota are single parents, much of the analysis focuses on this group.

These findings have immediate policy relevance to the State of Minnesota, as it moves to fashion a new, statewide welfare system in response to the sweeping changes introduced by the federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996. In particular, this report addresses the following research questions:

- Has MFIP changed the mission of the welfare office under MFIP to include helping recipients make the transition from welfare to work?
- Have MFIP's mandates regarding employment and training services for long-term recipients been implemented and enforced?
- Has the employment focus of MFIP's employment and training services been strengthened, compared with those provided in the current STRIDE program?
- Has MFIP increased participation rates in employment and training activities? Does it affect the types of activities in which participants enroll?

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[24] Knox, Brown, and Lin, 1995.

- What are the effects of MFIP, compared with the AFDC system, on sample members' employment, earnings, welfare receipt, and total income? In particular, has Minnesota been able to both encourage work and make families better off?
- What are the effects of MFIP's financial incentives and time-triggered, mandatory services on different types of families — in particular, new applicants for welfare versus long-term recipients?
- What are the effects of providing financial incentives alone, compared with adding to these incentives mandatory services and a reinforced message about the incentives?

The MFIP evaluation results will provide valuable policy lessons for other states as well, as they attempt to redesign their welfare systems in accordance with the new federal law. In recent years, for example, more than 30 states have incorporated financial incentives, or a "make work pay" approach, into their welfare reform efforts. As one of the first of these projects to be rigorously evaluated, MFIP offers important lessons about the effects of a strategy that reduces benefits by a smaller amount when welfare recipients go to work — in particular, whether it achieves the ambitious goal of increasing both work effort *and* total income.

The MFIP evaluation will also provide information about the extent to which enhanced financial incentives, by allowing families to combine welfare and work, affect welfare receipt. This information will be important for determining the overall costs of such a strategy. In addition, if financial incentives are found to increase welfare stays, planners and policymakers would need to consider this effect when designing programs that establish time limits for welfare receipt.

At a time when welfare reform efforts are increasingly emphasizing work as a primary and immediate goal, the MFIP evaluation will indicate whether reliance on financial incentives either alone or in conjunction with the program's services and mandates can increase employment, and at what cost. The ability to compare the differential effects of incentives alone versus incentives in combination with mandatory services will be particularly important to policymakers.

The effectiveness of employment and training programs will be increasingly important in states that set time limits on welfare receipt, as policymakers will seek to minimize the number of individuals who reach the time limit with no alternative income sources. In an environment of limited resources, MFIP's strategy of delaying mandatory services will yield important information on an alternative to universal up-front services. MFIP's effectiveness in implementing time-triggered, mandatory services should provide valuable lessons for the many states that are attempting to transform their welfare employment programs in similar ways.

Finally, changing the mission of the welfare office is important in MFIP and to welfare reform efforts throughout the country. Many critics of the current welfare system note the disincentives to work and self-sufficiency that are built into the AFDC system. Whether the system can shift its focus away from eligibility processing and quality control toward helping recipients enter employment and eventually leave welfare is a hotly debated issue that this evaluation will help to address.

The remainder of this report attempts to answer those questions. Chapter 2 describes the characteristics and attitudes of single parents randomly assigned to either MFIP or the AFDC system between April 1994 and December 1994. Chapter 3 examines and compares the experiences of single parents assigned to the MFIP group, the AFDC group, and the MFIP Incentives Only group. It discusses the messages sample members received from financial workers and case managers, the degree to which these messages were understood, the patterns of participation in MFIP and STRIDE employment and training services, and the extent to which sanctions were imposed against noncompliant sample members. Chapter 4 presents impacts on employment, welfare receipt, income, and poverty for the two major subgroups of single-parent families. Finally, Chapter 5 examines MFIP's impacts for two-parent families.

Chapter 2

Research Design, Samples, and Data Sources

This chapter presents the data and samples used for the current MFIP report. It first briefly discusses the research design across the seven program counties and the samples used for this report. It then introduces the several data sources used to describe the effects of MFIP. The chapter concludes by presenting data on the demographic characteristics of the single-parent sample and their attitudes and opinions about work and welfare.

I. Research Design

A. Single-Parent Families

As discussed in Chapter 1, the MFIP evaluation randomly assigns public assistance applicants and recipients to one of four research groups (MFIP, MFIP Incentives Only, AFDC, and AFDC/No Services), each of which is subject to different program rules. The possible research groups to which single parents can be randomly assigned varies by county, as illustrated in Table 2.1.

Table 2.1

MFIP Evaluation Research Groups by County and Family Type

	Single-Parent Families			Two-Parent Families
Research Group	Hennepin	Anoka/Dakota	Rural Counties	All Counties
MFIP	✓	✓	✓	✓
MFIP Incentives Only	✓	✓		
AFDC	✓	✓	✓	✓
AFDC/No Services	✓			

Hennepin County has the most complex research design, with single-parent applicants and recipients assigned to each of the four research groups. Applicants and recipients in the other urban counties (Anoka and Dakota) may be assigned to any of three groups, MFIP, MFIP Incentives Only, and AFDC. In the four rural counties — Mille Lacs, Morrison, Sherburne, and Todd — single-parent families are assigned to either the MFIP or the AFDC group.

Table 2.2 outlines the key research questions addressed by the evaluation, and the comparisons between research groups that are used to answer each question. The primary research question is whether MFIP's entire system of financial incentives and targeted participation mandates leads to different outcomes from the current AFDC system. The answer to this question is based on a comparison of outcomes for members of the MFIP and the AFDC groups.

Table 2.2

MFIP Evaluation Research Questions and Research Group Comparisons

Research Question	Impact Measure	Research Group Comparison
What are the outcomes for people in the MFIP group (MFIP financial incentives, mandatory services, and reinforced incentive and program messages) compared with outcomes for people in the AFDC group (AFDC rules and voluntary STRIDE services)?	Impacts of financial incentives, mandatory services, and reinforced incentive messages	MFIP vs. AFDC
What are the outcomes for people eligible for MFIP's financial incentives compared with outcomes for people subject to AFDC rules, when both have identical voluntary STRIDE services?	Impact of financial incentives alone	MFIP Incentives Only vs. AFDC
What is the added impact of MFIP's mandatory employment and training services, case management, and reinforced incentive and program messages compared with outcomes for people with access to voluntary STRIDE services, when both have identical MFIP financial incentives?	Added impacts of mandatory services and reinforced incentive messages	MFIP vs. MFIP Incentives Only
What are the outcomes for people with access to voluntary STRIDE services compared with the outcomes for people without access to voluntary services, when both groups have identical AFDC financial incentives?	Impacts of STRIDE voluntary employment and training services	AFDC vs. AFDC/No Services

In Hennepin County only, outcomes for the AFDC group and the fourth group, the AFDC/No Services group, are compared to determine the effects of adding a voluntary services program to the current AFDC system. For simplicity, all results comparing these two groups are presented in Appendix F.

B. Two-Parent Families

In all seven MFIP counties, two-parent families applying for or receiving public assistance are randomly assigned to either the MFIP or the AFDC group. (See Table 2.1.) Thus, for two-parent families, the evaluation compares the effectiveness of the entire MFIP system with the current AFDC system, but it does not test the separate effects of financial incentives and mandatory services. All results for two-parent families are presented in Chapter 5.

II. Research Samples

This report compares the effects of the MFIP and AFDC systems for an early group of research sample members. As shown in Figure 2.1, the applicants and recipients discussed in the report make up a "report sample" as well as a smaller "survey sample." The report sample consists of an early group of sample members spanning all four research groups in all seven counties, for whom data were collected from a variety of administrative sources. In addition, to gain richer information about sample members' experiences, a survey was administered to a randomly selected subset of this report sample — the survey sample — 12 months after they were randomly assigned. These two samples are described below.

A. Report Sample

This report assesses the baseline characteristics, program activities, and economic outcomes for 9,363 single- and two-parent families who were randomly assigned into the study between April and December 1994. While the full evaluation sample consists of 14,639 families randomly assigned from April 1994 to March 1996, adequate follow-up is currently available only for this early group.

As noted in Chapter 1, because random assignment into the evaluation began in the first month that the MFIP program was operational, this early report sample entered the program in its first year of operation, while others in the research sample participated in the program after it had evolved for a period of time. Where relevant, this report notes characteristics of the sample or of the program itself that may lead to differences between the early results presented here and the final results.

To be randomly assigned into the research sample, an individual had to be applying for or receiving public assistance,[1] at least 18 years old, and residing in one of the seven program counties. Because few screening criteria were used, the cases randomly assigned to MFIP included some individuals — for example, those age 60 and over — who were permanently

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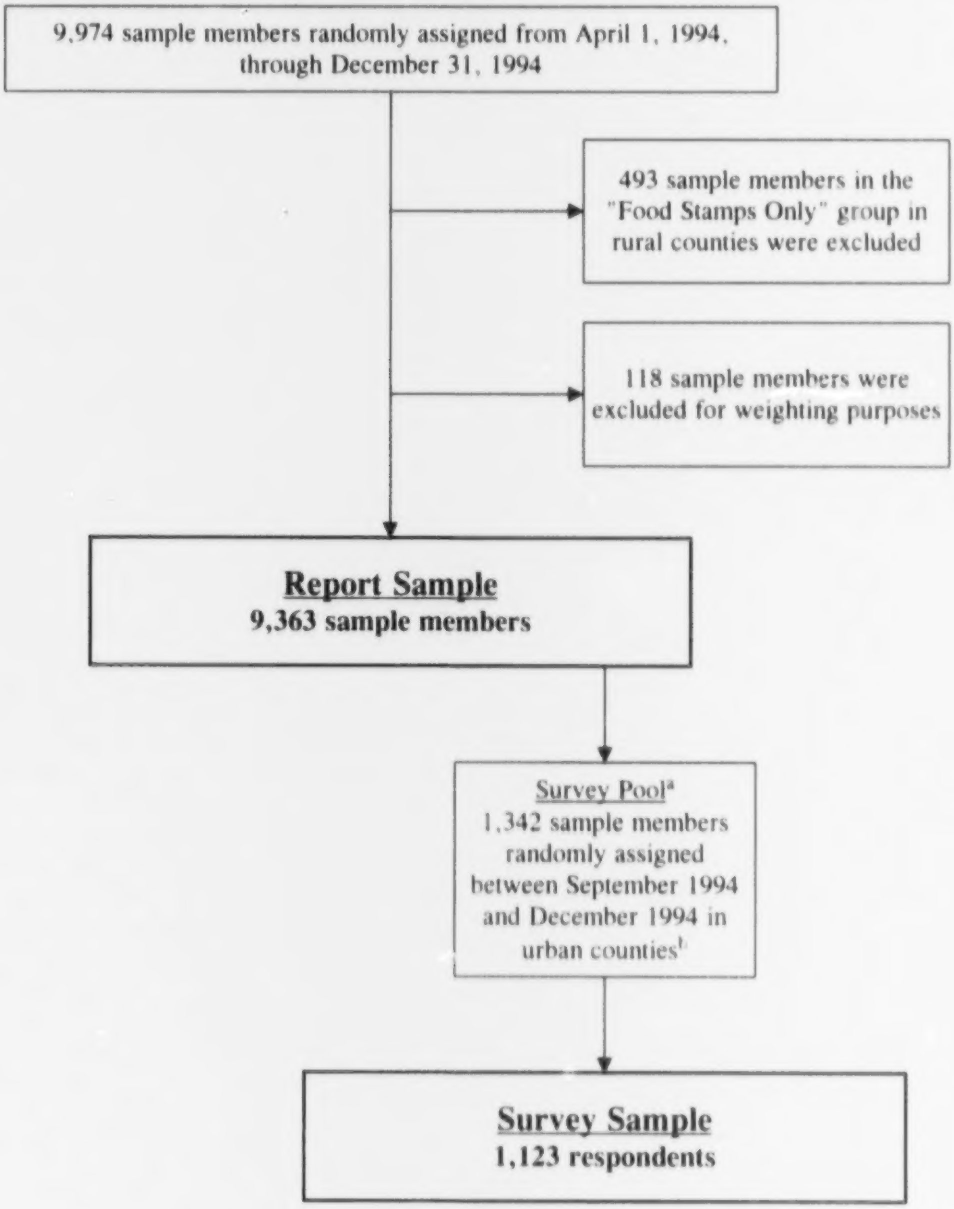
[1] In urban counties, families had to be applying for or receiving cash assistance (AFDC or Family General Assistance) to be randomly assigned. In rural counties, an additional group — families who were applying for or receiving only Food Stamps — was also eligible for random assignment.

Figure 2.1

Derivation of the Report and Survey Samples Used in This MFIP Report


9,974 sample members randomly assigned from April 1, 1994, through December 31, 1994
493 sample members in the "Food Stamps Only" group in rural counties were excluded
118 sample members were excluded for weighting purposes
Report Sample
9,363 sample members
Survey Pool[a]
1,342 sample members randomly assigned between September 1994 and December 1994 in urban counties[b]
Survey Sample
1,123 respondents

NOTES: In several tables, sample members missing baseline data were excluded (136 from the full report sample and 22 from the survey sample).

In several tables, including all impact tables, sample members with social security numbers or AFDC case numbers not available at the time of random assignment were excluded (295 from report sample).

[a] Random subset of the report sample in three counties.

[b] Eighty-one sample members were dropped from the survey sample due to language barriers.

exempt from any employment and training mandates. Thus, the sample includes the full range of individuals who could be included in the MFIP program if it were expanded beyond the seven original counties.[2]

Among those randomly assigned between April and December 1994, two small groups were excluded from this report. First, for simplicity, a subgroup of single- and two-parent families in rural counties who applied for or were receiving only Food Stamps were excluded from the sample for this report. Results for this group will be presented in a later report. Second, 118 sample members assigned in December 1994 were excluded from the analysis for this report only. This group (chosen randomly within particular research groups and counties) was excluded to adjust for the fact that, beginning in December 1994, the proportion of new sample members who were assigned to each research group was revised. Randomly excluding 118 sample members who were assigned in December 1994 ensured that the likelihood of random assignment to each group remained consistent for the current report sample, assigned from April through December 1994.[3] The 118 sample members excluded in this report will be included in the full research sample analyzed for the final MFIP report.[4]

B. Twelve-Month Survey Sample

To gain information that is not available from administrative records, a random subset of families entering the program between September and December 1994 in Hennepin, Anoka, and Dakota counties was targeted for a survey approximately 12 months after they were randomly assigned.[5] The content of the 12-month survey is described more fully later in this chapter.

As shown in Figure 2.1, 1,342 sample members were in the survey-eligible pool and 1,123 members responded, for an 83.7 percent response rate. Nonrespondents include those who could not be reached as well as those who refused to participate. A survey response analysis was conducted by comparing program impacts for survey respondents with impacts for the survey-eligible sample, the full survey pool, and the full report sample. The results are presented in Appendix B.

III. Data Sources

In addition to the observational field research that MDRC staff have conducted since the program began, this report draws on information from several major data sources, each described below.

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[2] Families in which all parents were receiving Supplemental Security Income (SSI) were excluded.

[3] This change in the likelihood of assignment to each research group was necessary because from April to December 1994, the number of single-parent recipients in urban counties was consistently lower than expected, and the number of single-parent applicants was consistently higher than expected. In response, to ensure that the evaluation had adequate sample sizes in each major subgroup to be examined, random assignment proportions were permanently revised beginning in December 1994.

[4] Analyses in the final report will include a weighting procedure used to ensure comparability between the pre- and post-December 1994 sample members.

[5] A survey covering a larger sample in all seven counties will be administered 36 months after random assignment.

A. Baseline Characteristics Data

Just prior to random assignment, data were collected on the characteristics of each research sample member. The Background Information Forms provide important demographic information such as the sample member's age, educational attainment, prior work history, and prior welfare receipt. To complete the Background Information Forms, staff in the financial offices interviewed each welfare applicant or recipient and collected information on prior welfare receipt from the automated benefit system. These forms were completed for 98.6 percent of the report sample. In addition, between 0.0 and 7.1 percent of the report sample did not respond to some individual questions on the Background Information Form.

Also prior to random assignment, most research group members completed a confidential Private Opinion Survey (POS). This brief survey asked respondents about their attitudes, opinions, and preferences regarding work and welfare, providing a rich picture of their perspectives as they entered the program. Sixty-eight percent of sample members completed the Private Opinion Survey. In addition, between 5.3 percent and 12.2 percent did not respond to some specific questions on the survey.[6]

These background data are used for three purposes: to describe the sample; to define subgroups of the population whose participation patterns and program impacts may be of particular interest; and to contribute to the regression model used in the impact analyses to increase the precision of impact estimates.

B. Administrative Records Data

For this report, follow-up data on public assistance benefits received and on sample members' earnings are available from April 1993 to June 1996. These data provide information for each sample member on earnings and welfare receipt for a minimum of one year prior to random assignment and seven quarters following random assignment.[7]

Public assistance benefits records are provided to MDRC by Minnesota's Department of Human Services. These automated data include monthly information on public assistance benefits provided to each member of the research sample. (As explained in Chapter 1, public assistance may include MFIP, AFDC, Food Stamps, or Family General Assistance.)

Unemployment Insurance earnings records are provided to MDRC by Minnesota's Department of Economic Security. These data provide quarterly earnings information for each sample member, as reported by employers to the Unemployment Insurance (UI) system. These data exclude earnings that are not covered by or not reported to the UI system — for example, jobs in the informal economy.

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[6] Attitudinal data are available for 68 percent of the sample members for this report because the survey began in May 1994, the second month after the start of random assignment, and was given only on the day that a parent entered the research sample.

[7] Because the public assistance and Unemployment Insurance automated systems are maintained by the state rather than by individual counties, MDRC continues to receive these data for individuals who move outside the seven MFIP counties, as long as they remain within Minnesota. (However, members of the MFIP or MFIP Incentives Only groups who move within Minnesota but outside of the MFIP counties receive benefits according to AFDC system rules.) Sample members who leave Minnesota will be counted as having no public assistance payments or earnings during the months or quarters that they are outside Minnesota. While it is possible that cross-state migration could occur differentially for members of different research groups, this data limitation is unlikely to lead to substantial biases in impact results.

C. Twelve-Month Follow-Up Survey

As described above, a subset of sample members in urban counties completed a survey 12 months after they were randomly assigned. The survey took about 20 minutes to answer, and was conducted primarily by telephone, with interviews taking place in person only for families who were difficult to reach by phone. The 12-month survey provides information on sample members' understanding of the program to which they were assigned, their participation in employment and training activities offered by MFIP, STRIDE, or community organizations, their labor market activity, and their levels of material hardship, as measured by the sufficiency of food in their households.

D. Staff Attitude Survey and Time Study

In addition to analyzing outcomes for welfare applicants and recipients, this report describes differences between the MFIP and AFDC systems by using information from surveys of financial workers and employment and training workers. A "staff attitude survey" asked staff members about their work with program participants, their interpretation of program goals, and other topics that may draw differing responses from MFIP and AFDC staff. Time studies completed by financial workers were designed to quantify how much the job of the MFIP financial worker differs from that of the AFDC financial worker in terms of how they allocate their time among various tasks.

In September 1995, a staff attitude survey and a time study were administered to all MFIP financial workers in all seven evaluation counties, to all AFDC financial workers in counties other than Hennepin, and to a random subset of AFDC financial workers in Hennepin County.[8] In November 1995, all MFIP and STRIDE case managers in the seven evaluation Counties completed a staff attitude survey designed for employment and training staff.

IV. Selected Characteristics of Single-Parent Families in the Report Sample

Table 2.3 presents demographic characteristics of single parents in the report sample at the time of random assignment. (Comparable data for two-parent families is presented in Chapter 5.)[9] The sample characteristics are calculated for 7,448 single parents who entered the program

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[8] In Hennepin County's main welfare office, one in three AFDC workers were randomly chosen to answer the staff survey and time study. In Hennepin's smaller branch office, all AFDC workers answered the survey, so that on average, 1 of every 2.8 Hennepin AFDC workers were surveyed. Results of the staff survey were weighted to account for the differential sampling in Hennepin County. Because the results of the time study for Hennepin County were very similar to those for other counties, the time study results were not weighted.

[9] Appendix A presents data on demographic characteristics for single-parent families by county.

Table 2.3

Selected Characteristics of Single-Parent MFIP Report Sample Members, by Welfare Status at Random Assignment

Characteristic	Long-term Recipients	Short-term Recipients	Applicants
Demographic characteristics			
Geographic area (%)			
Hennepin County (Minneapolis)	71.9	62.2	67.0
Anoka/Dakota counties	13.6	14.0	26.5
Rural counties	14.5	23.8	6.6
Gender (%)			
Female	97.6	93.2	86.7
Male	2.4	6.8	13.3
Age (%)			
Under 20	5.8	7.3	15.1
20-24	21.8	30.4	24.8
25-34	46.2	39.6	36.1
35-44	22.5	19.2	20.6
45 and over	3.8	3.5	3.4
Average age (years)	30.3	29.3	28.9
Race/Ethnicity (%)			
White, non-Hispanic	49.3	55.8	61.3
Black, non-Hispanic	37.6	32.2	24.6
Hispanic	1.9	2.2	6.3
Native American/Alaskan Native	8.3	7.3	4.6
Asian/Pacific Islander	2.9	2.6	3.1
Family status			
Marital status (%)			
Never married	65.1	53.6	53.3
Married, living with spouse	0.5	0.6	0.3
Married, living apart	9.0	17.3	24.5
Separated	2.0	3.3	3.0
Divorced	22.4	24.3	17.7
Widowed	1.0	1.0	1.2
Age of youngest child in years (%)			
Under 3, or client pregnant at the time of random assignment	36.1	51.4	55.0
3-5	28.8	19.9	16.3
6-18	35.1	28.8	28.7

(continued)

Table 2.3 (continued)

Characteristic	Long-term Recipients	Short-term Recipients	Applicants
Labor force status			
Worked full-time for 6 months or more for one employer (%)	53.6	66.0	68.0
Any earnings in past 12 months (%)	30.5	52.3	79.0
Currently employed (%)	13.2	16.9	22.6
Average hourly wage[a] ($)	5.94	6.08	6.64
Average hours worked per week[b] (%)			
1-19	41.3	40.4	31.3
20-29	30.9	26.8	26.6
30 or more	27.8	32.8	42.1
Never worked (%)	12.0	7.4	7.1
Education status			
Highest credential earned (%)			
GED certificate[c]	16.6	17.0	10.3
High school diploma	39.5	48.5	49.0
Technical/2-year college degree	9.2	10.9	12.2
4-year college degree or higher	1.3	2.6	4.3
None of the above	33.5	21.1	24.2
Highest grade completed in school (average)	11.4	11.8	11.9
Prior welfare receipt			
Total prior AFDC receipt[d] (%)			
None	1.3	3.9	80.9
Less than 4 months	1.1	5.1	2.6
4 months or more but less than 1 year	1.5	24.2	4.0
1 year or more but less than 2 years	2.5	35.3	3.9
2 years or more but less than 5 years	41.1	19.2	5.2
5 years or more but less than 10 years	30.9	8.4	2.2
10 years or more	21.5	4.1	1.3
Resided as a child in a household receiving AFDC (%)			
Yes, aid received 5 years or more	20.7	14.3	9.9
Yes, aid received less than 5 years	10.3	9.1	6.4
No	60.5	69.7	76.1
Don't know	8.5	7.0	7.7

(continued)

Table 2.3 (continued)

Characteristic	Long-term Recipients	Short-term Recipients	Applicants
MFIP employment and training mandates[e]			
Met MFIP criteria for participation in mandatory employment and training services[f] (%)	100.0	0.0	9.4
Parent under age 20, no high school diploma/GED	5.0	0.0	8.7
Recipient of AFDC 24 of past 36 months	96.7	0.0	0.8
STRIDE eligibility[g]			
In STRIDE target group[f] (%)	84.3	39.4	31.1
Parent under age 24 (18-23), no high school diploma/GED	10.3	7.3	13.9
Parent under age 24 (18-23), limited work experience	15.2	21.6	22.5
Recipient of AFDC 36 of past 60 months	73.7	15.8	0.6
Youngest child age 16 or over	1.0	1.1	1.5
Housing status			
Current housing status (%)			
Public housing	6.2	3.4	1.7
Subsidized housing	32.5	16.4	4.0
Emergency or temporary housing	2.7	3.4	3.8
None of the above	58.6	76.9	90.6
Number of moves in the past 2 years (%)			
None	30.7	19.1	26.1
1 or 2	50.5	55.4	56.0
3 or more	18.9	25.5	17.9
Current and recent education and training activities			
Currently enrolled in education or training[f] (%)			
Any type	22.5	20.4	15.3
GED preparation	4.6	2.5	2.2
English as a Second Language	0.4	0.6	0.4
Adult Basic Education	1.0	0.4	0.2
Vocational education/skills training	5.4	6.9	2.7
Post-secondary education	8.8	8.6	5.7
Job search/job club	1.6	1.4	2.5
Work experience	0.7	0.6	0.1
High school	1.1	0.5	2.5
If enrolled, program is part of a STRIDE plan	52.7	34.9	2.9

(continued)

Table 2.3 (continued)

Characteristic	Long-term Recipients	Short-term Recipients	Applicants
Enrolled in education or training during the previous 12 months[f] (%)			
Any type	28.5	27.6	20.9
GED preparation	6.2	4.9	2.7
English as a Second Language	0.5	1.3	0.7
Adult Basic Education	1.6	0.8	0.4
Vocational education/skills training	7.9	8.2	3.7
Post-secondary education	9.9	8.9	6.3
Job search/job club	2.2	2.4	2.9
Work experience	1.0	1.1	0.9
High school	1.7	2.3	5.4
If enrolled, program was part of a STRIDE plan	48.2	29.8	2.9
Sample size (total = 7,448)	3,051	1,456	2,941

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

One percent of single parent sample members did not complete a Background Information Form. In addition, nonresponse rates for individual items ranged from 0-8.3 percent.

[a] Percentages are calculated for those employed at the time of random assignment who reported an hourly wage. Twenty percent of those employed were excluded because they did not report an hourly wage.

[b] Percentages are calculated for those employed at the time of random assignment.

[c] The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d] This refers to the total number of months an individual or her spouse has spent on AFDC at one or more periods of time as an adult. It does not include AFDC receipt under a parent's name.

[e] Only those assigned to the MFIP group are subject to these mandates.

[f] Totals may not equal all categories summed because some sample members may be in more than one category.

[g] Only those assigned to the AFDC group are subject to these rules.

between April 1, 1994, and December 31, 1994.[10] The overall characteristics of this report sample are very similar to those of the single-parent sample members presented in the November 1995 report. That report found that although research sample members had relatively high levels of education and work experience they reported significant barriers to finding employment that would lead to self-sufficiency. This report briefly summarizes the characteristics of single-parent families for three subgroups — long-term recipients, short-term recipients, and applicants — with the primary focus on long-term recipients. Since long-term recipients are immediately subject to MFIP's employment and training mandates, and short-term recipients and applicants are subject to these mandates, at different points in the follow-up period, the program's early effects are expected to differ for each of these groups.

As explained in Chapter 1, a *long-term recipient* is a sample member who, at the time of random assignment, has received AFDC or FGA for at least 24 of the past 36 months.[11] Recipients who have received welfare for less than 24 months at the time of random assignment are referred to as *short-term recipients*. An *applicant* is someone applying for AFDC or FGA on the day of random assignment who has not received assistance during the last three years.

As one would expect, long-term recipients are the most disadvantaged group in terms of their employment history and welfare history. Overall, 3,051 single parents, or 41 percent of the single-parent sample, are categorized as long-term recipients. (This figure includes teen parent recipients if they did not have a high school diploma or a GED certificate. These teens make up 5 percent of the long-term recipient sample in this report.)[12]

The sample is primarily made up of women — 97.6 percent of long-term recipients, 93.2 percent of short-term recipients, and 86.7 percent of applicants. Sample members were, on average, 29 or 30 years of age at the time of random assignment. More than three-fourths of sample members are from urban counties, with more than half of them from Hennepin County (Minneapolis). Note, however, that these proportions do not reflect the relative sizes of the total caseloads in each county, because the random assignment design included only a fraction of single-parent recipients in urban counties.[13] In the rural counties, all recipients were randomly assigned to one of the research groups. Thus, single parents from rural counties are more heavily represented in the research sample than they are in the caseloads of the seven evaluation sites.

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[10] In rural counties, families who were receiving only Food Stamps, or applying only for Food Stamps, also were randomly assigned to MFIP and the AFDC system, but this group is not included in this report. Additionally, 165 single-parent recipients who are missing the information necessary to determine whether they met the MFIP criteria for participation in mandatory services are excluded from the analysis in this section of the report.

[11] Also included in this group are all recipients younger than age 20 who do not have a high school diploma or GED cerificate. Regardless of prior welfare receipt, this group must participate in education and training services in either STRIDE or MFIP.

[12] Teen parents who were applying for welfare when they were randomly assigned are treated as "applicants" in this report. However, they were mandated to participate in education and training services whether they were assigned to the MFIP or the AFDC group. These teens make up 9% of the applicant sample.

[13] In the three urban counties, only about 28 percent of single-parent recipients were included in the random assignment process, because only a small proportion of urban recipients was needed to attain the sample sizes required for the evaluation. In contrast, all applicants were randomly assigned in the urban counties.

The ethnic composition varies slightly across subgroups. Almost half of the long-term recipients are white and 38 percent are black non-Hispanic. Among short-term recipients and applicants, the majority of sample members are white. Nearly one-third of short-term recipients and one-fourth of applicants are black non-Hispanic.

Sixty-five percent of long-term recipients have preschool-age children. As one might expect, more applicants and short-term recipients — 71 percent — have preschool-age children. The proportions with children under 3 years old or pregnant at the time of random assignment are 36.1 percent of long-term recipients, 51.4 percent of short-term recipients, and 55 percent of applicants. These percentages suggest that there may be a high demand for child care services among sample members entering employment and training services or employment.

The earnings and welfare histories of long-term recipients suggest that they may be less likely than the other sample members to immediately find employment. Less than one-third of long-term recipients and a little more than half of short-term recipients reported some earnings in the year prior to random assignment. In contrast, almost four-fifths of new applicants reported earnings during that same period. Not surprisingly, 12 percent of single parents who are long-term recipients have never held a job, as opposed to 7 percent of short-term recipients and applicants. This suggests that applicants may find jobs much more quickly than long-term recipients.

Additionally, more than half of long-term recipients have received cash assistance on their own or their parent's AFDC/FGA case for 5 years or more. It is interesting that the length of stay on AFDC of such a high proportion of this subgroup is far above the criteria needed to be eligible for mandatory services. In contrast, only 13 percent of short-term recipients and 4 percent of applicants indicated that they received cash assistance for 5 years or more on their own or a spouse's AFDC/FGA case.

All three subgroups have relatively high levels of education. Two-thirds of long-term recipients and three-fourths of short-term recipients and applicants have earned at least a high school diploma or a GED certificate. Not surprisingly, applicants have completed more years of schooling, on average, than have long-term recipients.

As expected, only a small proportion of applicants (9 percent) also met the criteria for immediate participation in mandatory employment and training services. The vast majority of this group are applicants younger than 20 years old who have no high school diploma or GED. A much larger proportion — 31 percent — of applicants are eligible to volunteer for STRIDE education and training services. However, a significant proportion of those who are currently participating in education and training activities are doing so outside the STRIDE program, suggesting that such services are accessible even for those who are not eligible for STRIDE. A substantial proportion — 84 percent — of long-term recipients also meet the STRIDE criteria for volunteering. In contrast, only two-fifths of short-term recipients are eligible for STRIDE services.

V. Opinions and Attitudes of Single-Parent Families in the Report Sample

Table 2.4 shows the opinions, attitudes, and preferences that single parents reported on the confidential Private Opinion Survey completed just prior to random assignment.[14] Although sample members face a number of barriers to employment, arranging for child care is the most frequently cited issue. Of those who were not employed, more than 80 percent of long-term recipients, and 76 percent (each) of short-term recipients and applicants, reported that they faced at least one of five barriers to part-time employment. More than half of all recipients and 46 percent of applicants cited not being able to arrange for child care as a barrier to work. A large proportion of the long-term recipients also indicated that lack of transportation was a problem. Among part-time workers, more than 36 percent of each group indicated that they could not accept a full-time job because of child care needs.

Interestingly, almost three-fourths of all recipients and almost four-fifths of applicants said they could find someone they trusted to take care of their children if they got a job. It therefore appears that the problem of child care is related to financial constraints rather than finding a suitable caregiver. Thus, financial assistance for child care offered by MFIP could help alleviate this barrier to participation in program activities or employment.

The POS data also show that sample members' preferred activity is going to school to learn a job skill — between 43 and 47 percent chose this activity over staying home to take care of the family, studying basic reading and math, getting a part-time job, and getting a full-time job. The second-most preferred activity was getting a full-time job, with 31 to 34 percent of sample members expressing such a preference. Only 9 to 14 percent of sample members said they preferred to stay home. When given only the choice between a part-time job or a full-time job, over two-thirds of sample members preferred to work full-time.

The vast majority of sample members agreed or agreed a lot that they expect to be working a year from the time they were surveyed. However, the majority of sample members said they would not be likely to take a job at a fast-food restaurant like McDonald's, even if that job could support their family a little better than welfare. Also, most said they would not take a full-time job that paid less than welfare.

When asked about their reservation wages (the minimum pay per hour at which respondents would accept a job), with or without medical benefits, sample members indicated that they valued employer-provided benefits. This response suggests that sample members' employment decisions may be affected by MFIP's financial incentives. The average reservation wage at which respondents would take a job with *no* medical benefits is $11. This amount decreased, on average, by $2.11 to $2.51 if medical benefits were provided by the employer.

The majority of sample members felt that others looked down on them for being on welfare; they also said they were ashamed to admit to anyone that they received welfare. The survey results suggest that one important feature of MFIP, the cashing-out of Food Stamp benefits, may reduce stigma among recipients. Fewer than one-fifth believe that it is better for

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[14] Of those who were randomly assigned after the survey began, 16.6 percent did not fill out the survey. Nonresponse rates for individual items ranged from 4.2 percent to 12.4 percent.

Table 2.4

Attitudes and Opinions of Single-Parent MFIP Report Sample Members, by Welfare Status at Random Assignment

Attitude or Opinion	Long-term Recipients	Short-term Recipients	Applicants
Client-reported barriers to employment			
Among those not currently employed, the percent who agreed or agreed a lot that they could not work part-time right now for the following reasons:[a]			
No way to get there every day	48.9	39.4	34.0
Cannot arrange for child care	55.7	54.7	46.3
A health or emotional problem, or a family member with a health or emotional problem	26.8	23.9	31.4
Too many family problems	27.6	26.5	33.4
Already have too much to do during the day	25.0	23.2	23.6
Any of the above five reasons	82.1	76.3	75.6
Among those currently working less than 30 hours a week, the percent who agreed or agreed a lot that they could not work full-time right now for the following reasons:[b]			
Cannot arrange for child care	38.2	35.8	37.9
A health or emotional problem, or a family member with a health or emotional problem	16.2	17.4	29.0
Too many family problems	16.5	20.0	24.3
Any of the above three reasons	52.1	50.9	58.2
Client-reported preferred activities			
Given the following choices, percent expressing a consistent preference for one of the following activities:[c]			
Staying home to take care of family	9.4	10.3	13.6
Going to school to learn a job skill	42.9	47.1	44.4
Going to school to study basic reading and math	5.3	5.2	5.1
Getting a part-time job	9.0	5.5	5.6
Getting a full-time job	33.5	31.9	31.3
Percent who agreed or agreed a lot that they:			
Prefer not to work so they can take care of their families full-time	28.5	32.1	41.7
Do not want a job because they would miss their children too much	13.2	14.2	13.6
Like going to school	76.8	82.3	79.3

(continued)

Table 2.4 (continued)

Attitude or Opinion	Long-term Recipients	Short-term Recipients	Applicants
Cannot go to school or job training program right now because they are afraid to leave children in day care or with a babysitter	19.7	17.9	15.7
Percent who agreed or agreed a lot that children who go to day care or preschool learn more than children who stay home with their mothers.	54.0	52.9	53.6
Percent who, if they had a choice, would prefer to work at a:			
Part-time job	32.3	31.5	32.6
Full-time job	67.7	68.5	67.4
Client-reported employment expectations			
If someone offered client a job that could support her family a little better than welfare, percent who would likely or very likely take the job if:			
Client didn't like work	45.1	51.5	55.9
Client had to work at night once in a while	61.3	66.4	70.5
The job was in a fast-food restaurant like McDonald's	24.7	28.2	30.0
It took more than an hour to get there	30.2	29.9	29.6
Minimum hourly wage at which the client would take a full-time job			
With no medical benefits (%):			
$4	0.3	0.4	0.6
$5	3.2	4.0	3.7
$6	7.4	8.1	8.9
$7	10.5	14.1	11.3
$8	20.5	20.6	21.7
$10	15.6	16.6	16.2
$12	12.6	12.4	11.8
$15	11.7	10.0	12.0
$20 or more	18.2	13.8	13.8
Median ($)	10.00	10.00	10.00
Mode ($)	8.00	8.00	8.00
Mean ($)	11.46	10.75	10.87

(continued)

Table 2.4 (continued)

Attitude or Opinion	Long-term Recipients	Short-term Recipients	Applicants
With full medical benefits (%):			
$4	0.3	1.2	0.8
$5	5.6	5.8	6.2
$6	14.3	17.7	15.5
$7	17.8	18.3	17.2
$8	24.1	23.3	24.7
$10	19.8	16.8	17.2
$12	8.9	10.5	9.5
$15	5.8	4.6	6.8
$20 or more	3.6	1.8	2.2
Median ($)	8.00	8.00	8.00
Mode ($)	8.00	8.00	8.00
Mean ($)	8.95	8.54	8.76
With full medical benefits, and the welfare department would let client continue to get most of the welfare check (%):			
$4	3.9	6.7	5.9
$5	16.5	20.6	17.9
$6	21.2	20.8	22.8
$7	16.2	17.3	14.6
$8	19.0	17.0	18.2
$10	12.7	11.1	12.4
$12	4.4	2.8	4.7
$15	3.2	1.6	2.1
$20 or more	3.1	2.1	1.6
Median ($)	7.00	7.00	7.00
Mode ($)	6.00	6.00	6.00
Mean ($)	7.78	7.22	7.39
Approximate average worth of employer-provided medical benefits per hour ($)	2.57	2.28	2.18
If client could get $800 a month, plus Medicaid and free child care, percent who would prefer:			
Getting all the money by working 40 hours a week	52.6	54.0	55.6
Getting half from welfare and half by working 20 hours a week	47.4	46.0	44.4

(continued)

Table 2.4 (continued)

Attitude or Opinion	Long-term Recipients	Short-term Recipients	Applicants
If client could keep most of the welfare check and also keep any money earned from a $6/hour job, number of hours she/he would want to work (%):			
0	3.6	3.2	4.5
5 - 10	6.9	5.2	4.6
15 - 20	12.8	15.8	18.1
25 - 30	20.6	21.3	23.2
Over 30	56.2	54.6	49.7
Percent who agreed or agreed a lot that:			
It will probably take them more than a year to a get a full-time job and get off welfare	71.4	55.6	40.8
They would take a full-time job today, even if the job paid less than welfare	12.8	18.0	23.1
If they got a job, they could find someone they trusted to take care of their children	74.8	73.8	78.5
A year from now they expect to be working	76.3	82.8	89.4
A year from now they expect to be receiving welfare	40.4	25.5	18.7
Client employment-related activities			
Time spent looking for a job during the past 3 months (%):			
Not at all	47.6	43.4	35.7
Some/a little	32.8	24.2	27.4
A moderate amount	12.6	20.6	21.7
A great deal	7.0	11.8	15.3
In the past 4 weeks, approximate number of employers, if any, client contacted (by telephone, mail, or in person) to apply for a job or ask about job openings (%):			
None	63.0	54.5	48.4
1 - 2	18.8	20.4	19.0
3 - 5	12.2	14.8	17.3
6 - 10	3.6	6.7	7.9
More than 10	2.5	3.7	7.3

(continued)

Table 2.4 (continued)

Attitude or Opinion	Long-term Recipients	Short-term Recipients	Applicant
Percent planning to be in school or training program in the next few months	49.9	50.7	43.8
Client-reported attitudes toward welfare			
Percent who agreed or agreed a lot with the following statements:			
I feel that people look down on me for being on welfare	63.2	59.9	53.7
I am ashamed to admit to people that I am on welfare	56.1	57.0	53.0
Right now, being on welfare provides for my family better than I could by working	59.7	54.8	58.5
I think it is better for my family that I stay on welfare than work at a job	18.6	16.8	18.0
Client-reported social support network			
Percent who agreed or agreed a lot with the following statements:			
Among my family, friends, and neighbors, I am one of the only people who is on welfare	33.6	44.5	51.8
When I have trouble or need help, I have someone to talk to	74.5	76.2	82.0
Client-reported sense of efficacy			
Percent who agreed or agreed a lot with the following statements:			
I have little control over the things that happen to me	21.0	18.9	17.4
I often feel angry that people like me never have a chance to succeed	47.6	38.4	29.8
Sometimes I feel that I'm being pushed around in life	45.5	40.7	42.0
There is little I can do to change many of the important things in my life	32.8	30.5	26.4
All of the above	8.0	6.0	5.7
None of the above	28.2	34.4	39.1
Sample size (total = 5,229)	2,213	1,026	1,990

(continued)

Table 2.4 (continued)

SOURCE: MDRC calculations using data from Private Opinion Survey data.

NOTES: The sample includes AFDC and MFIP sample group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

Thirty percent of single-parent sample members for this report did not fill out a Private Opinion Survey because the survey began in the second month after the start of random assignment. Of those who were randomly assigned after the survey began,16.6 percent did not fill out the survey. Nonresponse rates for individual items ranged from 4.2 to 12.4 percent.

In most categories, individuals could agree or agree a lot with more than one statement. Multiple responses were not possible in the following item groupings: client-reported preferred activities, client-reported employment-related activities, and client-reported acceptable wages.

[a] Part-time is defined as a minimum of 10 hours per week.

[b] Full-time is defined as 40 hours per week.

[c] Percentages were calculated for those with a consistent preference.

their families that they stay on welfare than work at a job, although the majority believe that welfare pays better than working. Unlike most applicants, but consistent with their long spells on welfare, most recipients stated that they know of other family members, friends, or neighbors receiving welfare. Respondents, for the most part, also felt that they have some control over events in their lives, and that they have the power to change some of the important aspects of their lives.

In conclusion, notwithstanding the differences among the three subgroups of single parents, for the most part, sample members expressed some interest in working. However, at the time of random assignment, even with relatively high levels of education and work experience, they were faced with other barriers to employment. In particular, the conflict between their interest in working and their perception that welfare currently pays better than work suggests that MFIP's financial incentives and child care provisions could lead to an increase in employment.

Chapter 3

MFIP's Financial Incentives and Mandatory Employment and Training Services for Single-Parent Families

In order to provide a better understanding of what the MFIP evaluation tested, this chapter compares the program messages communicated to and services used by the single-parent members of the three major research groups described in Chapter 1. (The experiences of the fourth group are discussed in Appendix F.) The specific paths the members of the three research groups take as they move through the available components are shown in Figure 3.1. This chapter focuses on the experiences of two subgroups — long-term recipients and applicants —within the three major research groups.

Several data sources are used to describe the attitudes and experiences of the staff and sample members. These include field observations and interviews conducted by MDRC staff in the first, second, and third years of the demonstration; a survey of sample members in the urban counties conducted 12 months after they were randomly assigned; and a survey of financial workers and case managers in all seven demonstration counties. (For details, see Chapter 2.)

The key findings discussed in this chapter are:

- MFIP produced an important change in the culture of the welfare office in Minnesota's demonstration counties. Eligibility workers in MFIP routinely discussed the financial advantages of employment with their single-parent caseload and began to encourage them to go to work.

- MFIP also changed the messages that long-term welfare recipients heard when they sought out employment and training and training activities. The MFIP employment and training component focused on securing participants employment in the short run, although it offered a diverse menu of activities including short-term training and education.

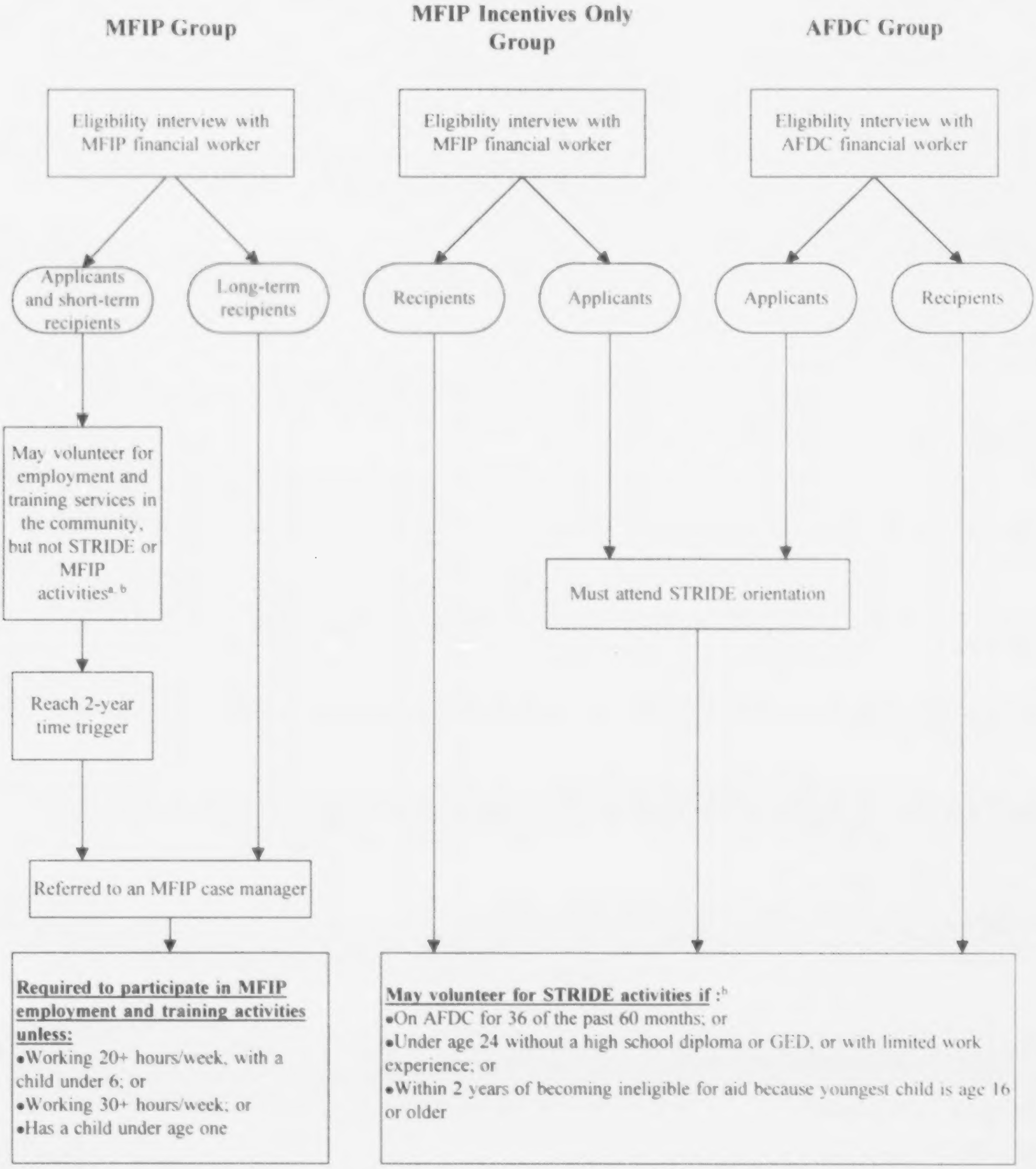
- Long-term recipients in MFIP were more likely than their AFDC counterparts to enroll in employment and training activities, and they were also more likely to enroll in job search programs and workshops that explored career options. In contrast, individuals who were eligible for the MFIP incentives but not required to participate in MFIP employment and training services were no more likely than their AFDC counterparts to volunteer for employment activities.

I. Experiences of the AFDC Group

This section describes what happens to the members of the AFDC group — that is, the women who are subject to the AFDC rules and who can volunteer to enroll in services offered

Figure 3.1

Benefits and Services by Research Group and Subgroup, for Single Parents


MFIP Group
MFIP Incentives Only Group
AFDC Group
Eligibility interview with MFIP financial worker
Eligibility interview with MFIP financial worker
Eligibility interview with AFDC financial worker
Applicants and short-term recipients
Long-term recipients
Recipients
Applicants
Applicants
Recipients
May volunteer for employment and training services in the community, but not STRIDE or MFIP activities[a, b]
Reach 2-year time trigger
Must attend STRIDE orientation
Referred to an MFIP case manager

Required to participate in MFIP employment and training activities unless:
- Working 20+ hours/week, with a child under 6; or
- Working 30+ hours/week; or
- Has a child under age one

May volunteer for STRIDE activities if:[b]
- On AFDC for 36 of the past 60 months; or
- Under age 24 without a high school diploma or GED, or with limited work experience; or
- Within 2 years of becoming ineligible for aid because youngest child is age 16 or older

NOTES: [a]As of July 1995, sample members could volunteer for MFIP services, if slots were available.
[b]Teen parents without a high school diploma or GED are required to participate in education.

through the STRIDE system if they are in one of the STRIDE "target groups."[1] The AFDC group thus represents the status quo — they receive the messages and services that women on welfare typically receive in Minnesota.

A. Employment Information and Messages Conveyed by Financial Workers

Common criticisms of the AFDC system, which MFIP was designed to address, are that it has built-in disincentives to work and that the financial workers — the staff responsible for determining a family's eligibility for welfare, calculating benefits, and processing grants — do not encourage recipients to work. A survey of the AFDC financial workers conducted during the second year of the MFIP implementation corroborates this stereotype: staff responses indicated that the AFDC financial workers are not sending a strong work message when they interact with welfare applicants and recipients, in part because they do not believe that welfare recipients will improve their financial position if they work part-time or full-time.

The major points of contact between a financial worker and her AFDC caseload are the initial eligibility interview when a single mother applies for assistance, and the annual recertification interview, when her continuing eligibility is verified.[2] As shown in Table 3.1, each of these interviews takes about 50 minutes; 41 minutes are spent on eligibility issues, and about 10 minutes (8.5 in an initial interview; 10.7 in a recertification) are spent discussing employment and service options. Responses to the staff survey suggest that the financial workers do not, during these interviews, routinely inform their caseload about the benefits and supports that are available to them if they go to work. Only 55.6 percent of the workers said they were likely to talk about the welfare benefits available to a working recipient (Table 3.2), and less than half said they were likely to discuss the transitional health and medical benefits available to a working mother who leaves welfare or how she could pay for child care and transportation.

Over the course of a year, financial workers have other opportunities to talk with caseload members. AFDC recipients are required to notify their financial worker whenever their family composition, income, or employment status changes; in addition, recipients may call for advice or information. As shown in Table 3.3, responses to the staff survey indicate that the typical financial worker has conversations with about 40 percent of her caseload during the course of a month, and almost 60 percent over 3 months. Table 3.3 also shows that staff indicate that in most of these conversations they do not talk to inactive members of the caseload (i.e., those not working or in school or training) about looking for work or going to school, nor do they inform recipients about the benefits available to them if they work.

Asked about the specific advice they give single mothers, the AFDC financial workers indicate that they encourage the caseload to get more education before entering the job market

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[1] As described in Chapter 1, the target groups are recipients who have been on welfare for 36 out of the previous 60 months, recipients under age 24 who do not have a high school diploma or GED or have limited work experience, and recipients who are within two years of becoming ineligible for aid because their youngest child is age 16 or older. Teen mothers without a high school diploma or GED are *required* to participate.

[2] Hennepin County has two types of financial workers: intake workers who review eligibility and process the initial grant for welfare applicants, and ongoing eligibility workers who review continuing eligibility and process grants for women once they start receiving welfare.

Table 3.1

MFIP and AFDC Financial Worker Time Devoted to Program Activities

	Average Number of Minutes Devoted to Activity	
Activity	MFIP Cases	AFDC Cases[a]
For new applicants:		
A face-to-face interview on eligibility issues[b]	46.1[c]	41.3
A face-to-face discussion of employment and service options[b]	14.3	8.5
For the ongoing caseload:		
A face-to-face recertification interview on eligibility issues[d]	45.1	41.4
A face-to-face discussion of employment and service options during or immediately after a recertification interview[d]	10.3	10.7
Follow-up of recertification interviews and ongoing eligibility work		
Per earned income cases[e]	7.8	9.8
Per nonearned income cases[f]	4.6	4.2

	Percentage of Time Devoted to Activity	
Activity	MFIP Cases	AFDC Cases[a]
For the ongoing caseload:		
Noneligibility-related counseling/phone calls[g]	14.1	13.1
Client assistance work with:[h, i]		
MFIP clients	29.5	N/A
MFIP Incentives Only clients	26.1	N/A
All clients	N/A	26.5

(continued)

Table 3.1 (continued)

SOURCES: MDRC calculations using data from the time study of financial workers. Data on client assistance work is from the staff survey of financial workers.

NOTES: N/A = Not Applicable.

[a] The category of AFDC cases includes work on AFDC, AFDC-UP, Food Stamp, and FGA cases.

[b] Averages were derived by summing the reported time spent in the activity over a three-day period, then dividing that sum by the total number of MFIP/AFDC eligibility interviews during that period.

[c] Because of the random assignment process, the ratio of single-parent to two-parent families is higher among MFIP new applicants than AFDC new applicants. This difference in composition of groups may affect the amount of time spent on new applicant interviews.

[d] Averages were derived by summing the reported time spent in the activity for earned and nonearned income cases over a three-day period, then dividing that sum by the number of recertification interviews.

[e] Averages were derived by summing the time spent on this activity over a three-day period, then dividing that sum by the MFIP/AFDC earned income caseload total over three days.

[f] Averages were derived by summing the time spent on this activity over a three-day period, then dividing that sum by the MFIP/AFDC nonearned income caseload total over three days.

[g] These percentages are also shown in Figure 3.2. See Figure 3.2 notes for the derivation of these percentages.

[h] Defined as help and advice to recipients "about education and other services, about looking for and taking jobs, about getting off welfare, about seeking help from other social service agencies."

[i] To compensate for differences in the proportion of financial workers selected within counties to be surveyed, the Hennepin County financial workers were weighted so that they would be equally represented in the sample.

Table 3.2

MFIP and AFDC Financial Worker Explanations of Welfare Rules During Intake and Recertification Interviews

Information appropriate for sample members[a,b] (%)	MFIP	AFDC[c]
Information appropriate for all sample members		
Likely to discuss welfare benefits if sample member works	88.8	55.6 ***
Very likely to discuss	49.4	6.1 ***
Likely to discuss how many hours sample member can work and remain on welfare	45.3	36.9
Very likely to discuss	20.3	5.0 ***
Likely to discuss work and school choices during intake and recertification interviews	60.9	39.3 ***
Very likely to discuss	17.6	5.1 ***
Likely to discuss transitional benefits if sample member leaves welfare	93.5	48.3 ***
Very likely to discuss	47.4	13.2 ***
Likely to discuss how child support can help sample member leave welfare	52.1	39.0 *
Very likely to discuss	18.5	6.7 **
Likely to discuss how sample member can pay for child care and transportation if she works or goes to school while on welfare	92.6	40.9 ***
Very likely to discuss	38.8	6.1 ***
Sample size[d] (total = 196)	60	136
Information appropriate for MFIP sample members only		
Likely to discuss when sample member becomes mandatory for case management	78.5	N/A
Very likely to discuss	42.1	N/A
Likely to discuss penalties and sanctions for not cooperating with case management	80.3	N/A
Very likely to discuss	48.2	N/A
Likely to discuss extent of choice about activities while in case management	43.8	N/A
Very likely to discuss	12.6	N/A
Likely to discuss how much participation is required in case management	9.8	N/A
Very likely to discuss	0.9	N/A
Likely to discuss how many hours of work exempts sample member from case management	46.8	N/A
Very likely to discuss	12.1	N/A
Sample size[d]	60	

(continued)

Table 3.2 (continued)

SOURCE: MDRC calculations using data from the staff survey of financial workers.

NOTES: N/A = Not Applicable.

A two-tailed t-test is used to compare the difference in percentages. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

[a] To compensate for differences in the proportion of financial workers selected within counties to be surveyed, the Hennepin county financial workers were weighted so that they would be equally represented in the sample.

[b] Each question was answered by a response from 1 to 7, where 1 was labeled as "unlikely to discuss" and 7 was labeled as "very likely to discuss." In this table, responses of 5, 6, and 7 are classified as "likely to discuss."

[c] AFDC worker responses reflect their interactions with all members of their AFDC caseload, not only those who were members of the research sample.

[d] No more than two survey respondents failed to respond to an item in this table. Nonrespondents were not included in the calculation of the results presented for each item.

Table 3.3

MFIP and AFDC Financial Worker Contact with Sample Members and the Extent to Which They Discuss Educational and Occupational Choices

Type of contact[a]	MFIP	AFDC[b]
Percentage of sample members with whom the financial worker has conversations		
During one month	42.5	40.3
During three months	58.3	58.4
Percentage of sample members who have asked the financial worker for advice about work	27.7	21.0 **
Financial worker tries to learn in depth about sample members' problems that led to welfare[c] (%)	11.3	20.1
Out of 10 conversations with inactive sample members, in how many would the financial worker talk to sample member about (average):[d]		
Looking for work	6.5	3.4 ***
School	2.6	3.6 **
Available welfare benefits while working	7.1	4.4 ***
Financial worker often contacts ongoing sample members to persuade them to use available services[e] (%)	13.0	2.0 ***
Financial worker often discusses with sample members choice between (%):[e]		
A poor-paying job and staying on welfare	27.4	32.4
A part-time job and a part-time GED program	30.3	18.3 *
Sample size[f] (total = 196)	60	136

SOURCE: MDRC calculations using data from the staff survey of financial workers.

NOTES: A two-tailed t-test is used to compare the difference in percentages. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

[a] To compensate for differences in the proportion of financial workers selected within counties to be surveyed, the Hennepin County financial workers were weighted so that they would be equally represented in the sample.

[b] AFDC worker responses reflect their interactions with all members of their caseload, not only those who were members of the research sample.

[c] This percentage reflects those who responded with a 5, 6, or 7, on a scale from 1 to 7.

[d] Inactive sample members for this purpose were women who were not working, not enrolled in school, and not enrolled in employment and training activities.

[e] These percentages reflect those who responded with a 5, 6, or 7—with 1 meaning "very rarely" and 7 meaning "very often."

[f] No more than three survey respondents failed to respond to an item in this table. Nonrespondents were not included in the calculation of the results presented for each item.

and to be selective about taking a job. (See Table 3.4.) Responses to questions about the staff's views help to explain why they do not emphasize work in their interactions with the caseload. Table 3.4 shows that although almost two-thirds of the AFDC financial workers say they do not think it is okay for a woman to stay home and take care of her children full-time, only 43.3 percent say they believe that recipients are "better off" financially if they work part-time while they are on welfare, and only about half feel recipients are much better off financially if they work full-time. Only a small percentage (13.7%) think that getting a job quickly is more important than getting schooling or training. One AFDC worker explained:

> When you talk about work, you talk about other things [besides money]. It might not be good now but it will get you someplace, and your self-esteem, and your kids seeing you work. There are some situations where they are working for minimum wages and barely making it and they've got three kids at home and they would spend $600, $700 a month [on child care]. That is when you tell them you need to put [working] on the back burner and wait 'till the smallest is in kindergarten. Take a class here or there. Do something, but we don't push [work]. I don't think we push work any more than we push education. With a job, if they make $10 or $9 [an hour], then why would anyone want to stay on assistance? But if you can only make a small amount of money, then I would probably direct them toward some kind of training for at least 9 months. If they have a few children, I will not discuss job opportunities unless their skills are there.

As noted, financial workers indicate that, on average, they spend about 10 minutes during intake and recertification interviews talking about employment and service options. As was shown in Table 3.2, about 40 percent of the AFDC financial workers said they were likely to discuss work and school choices during intake and recertification interviews. In addition, single mothers who are applying for welfare can be required to attend orientation that covers in detail the employment and training activities and support services available through Minnesota's STRIDE program.[3] Ongoing recipients may be reminded about STRIDE at their recertification interview or given written information about the program or a resource list of other organizations that provide education and training activities in the community, but generally only when a woman requests information.

The typical AFDC applicant or recipient is thus not likely to be given information that would encourage her to go to work in the short term. On the contrary, she may hear that it is not financially advantageous to go to work and be advised to raise her skills and education level before looking for employment. The responses of women in the AFDC group to the survey fielded in the urban counties, shown in Table 3.5, confirm this impression. Only about half of this group said that a recipient who worked more than 30 hours per week while on assistance would be better off than one who did not work. Asked what staff encouraged, 16.6 percent of these sample members said they were encouraged to get a job quickly and 22.3 percent said they were encouraged to go to school or training.

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[3] In most counties, instead of an in-person orientation, applicants who are not in a STRIDE target group are given written information about the program.

Table 3.4

MFIP and AFDC Financial Worker Views on Educational and Occupational Choices

Attitudes and Advice[a] (%)	MFIP	AFDC[b]
Attitudes:		
Believes sample members are "better off" financially		
If they work part-time while on welfare	100.0	43.3 ***
If they work full-time while on welfare	100.0	52.4 ***
Believes getting a job as quickly as possible is better than school or training for the average sample member	40.9	13.7 ***
Thinks it is "not okay" for sample members to stay home to care for their children full-time	79.8	62.8 **
Advice Given:		
Would advise sample members to take a low-wage job over staying on welfare	57.4	62.2
Would advise sample members to take a part-time job and enter a part-time GED program at the same time	81.0	62.5 ***
If choice is between a full-time job while staying on welfare or a vocational training class, would recommend the job	48.9	14.4 ***
Would advise sample members to take any job rather than be selective about the jobs they take[c]	51.6	25.1 ***
Encourages sample members to work even if they do not feel ready	45.8	26.3 ***
Encourages sample members to work even if the job does not have the potential to get them off welfare permanently	76.5	57.1 ***
Sample size[d] (total = 196)	60	136

(continued)

Table 3.4 (continued)

SOURCE: MDRC calculations using data from the staff survey of financial workers.

NOTES: A two-tailed t-test is used to compare the difference in percentages. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

These percentages reflect those who responded with a 1, 2, or 3 or with a 5, 6, or 7, on a scale from 1 to 7—depending on the direction of the question.

[a] To compensate for differences in the proportion of financial workers selected within counties to be surveyed, the Hennepin county financial workers were weighted so that they would be equally represented in the sample.

[b] AFDC workers responses reflected their interactions with all members of their AFDC caseload, not only those who were members of the research sample.

[c] This question was asked separately for MFIP and MFIP Incentives Only sample members. The percentage of MFIP workers who communicated that sample members should take any job was 54.5% and 46.3% for MFIP and MFIP Incentives Only sample members, respectively. For staff working with AFDC sample members, the question was asked separately "for clients who are eligible for STRIDE" and "for clients who are not eligible for STRIDE." The percentage of AFDC workers who communicate that sample members should take any job was 28.7% and 34.1%, respectively, for these two groups. The data presented in this table come from averaging the two responses given by each worker.

[d] As many as 17 workers failed to respond or indicated "don't know" to an item in this table. Nonrespondents were not included in these calculations.

Table 3.5

Information About the MFIP and AFDC Programs Reported by Single Parents, by Research Group, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impact of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impact of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Incentives and supports for work						
Is child care paid for when a sample member works?						
Yes	82.1	82.8	49.7	32.4 ***	33.1 ***	-0.7
No	7.4	9.5	27.5	-20.2 ***	-18.0 ***	-2.1
Don't know	10.5	7.7	22.8	-12.3 ***	-15.1 ***	2.8
Compared with not working, if a sample member worked 30+ hours a week while on assistance, the sample member would be:						
Better off	67.6	65.3	52.7	14.9 ***	12.6 **	2.3
Worse off	10.7	10.7	14.8	-4.2 *	-4.1	-0.1
About the same	17.1	20.4	24.9	-7.8 ***	-4.5	-3.3
Don't know	4.6	3.5	7.3	-2.7 *	-3.8	1.1
Can sample members work 30+ hours a week and keep part of their grant?						
Yes	73.6	70.6	27.5	46.0 ***	43.1 ***	2.9
No	9.8	9.5	40.5	-30.7 ***	-31.0 ***	0.3
Don't know	16.4	19.8	32.0	-15.6 ***	-12.2 ***	-3.4
If sample member had a choice, would she/he:						
Work less than 30 hours a week and stay on assistance?	13.9	19.8	7.8	6.1 ***	12.0 ***	-5.9 *
Work more than 30 hours a week and stay on assistance?	24.7	28.2	12.7	12.0 ***	15.4 ***	-3.5
Work more than 30 hours a week and leave assistance?	53.7	44.4	70.7	-17.0 ***	-26.3 ***	9.3 *
Don't know, it depends	7.7	7.7	8.8	-1.1	-1.1	0.0

(continued)

Table 3.5 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impact of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impact of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Was the sample member informed about the medical assistance available if she leaves welfare for a job?						
Yes	75.2	72.2	66.4	8.8 ***	5.9	3.0
No	16.3	19.4	23.6	-7.3 ***	-4.2	-3.2
Don't know	8.5	8.3	10.0	-1.5	-1.7	0.2
Would sample member lose part of her welfare grant because of not participating in MFIP case management/STRIDE, or because she did not go to school or look for work?						
Yes	61.4	44.2	41.7	19.7 ***	2.5	17.2 ***
No	16.1	29.5	36.2	-20.1 ***	-6.7	-13.5 ***
Don't know	22.5	26.2	22.1	0.4	4.1	-3.7
What do staff encourage?						
To get a job quickly?	46.7	39.8	16.6	30.1 ***	23.2 ***	6.9
To go to school or training?	40.7	32.4	22.3	18.4 ***	10.1 **	8.3 *
What would staff recommend about a 30 hour/week, $5/hour job with no medical benefits?						
Take the job	49.6	52.7	53.9	-4.3	-1.1	-3.2
Don't take the job	37.6	33.3	28.1	9.5 ***	5.2	4.3
No recommendation either way	1.3	2.2	3.7	-2.4 **	-1.5	-0.8
Don't know	11.5	11.8	14.4	-2.9	-2.5	-0.3

(continued)

Table 3.5 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impact of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impact of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Evaluations of welfare						
Strongly believe MFIP/AFDC has helped sample members' chances of getting or keeping a job[a]	39.2	33.6	10.1	29.1 ***	23.5 ***	5.6
Strongly agree with the statement that "in Minnesota, it's easy just to stay on MFIP/AFDC and not try to get off"[a]	24.5	30.5	48.1	-23.6 ***	-17.6 ***	-6.1
Sample size (total = 940)	420	118	402			

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes vary for individual measures because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; ***=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] "Strongly believe/agree" represents percentage of respondents who indicated values of 6-10 on a scale of 1-10.

B. Information, Messages, and Services Provided Through STRIDE

STRIDE, the employment and training program of the AFDC system, has traditionally provided services for only a small portion of the adult AFDC caseload in Minnesota. Funding constraints, in part, limit the number of AFDC recipients who can be served (other reasons are discussed below); in a few counties, there are short waiting lists for STRIDE services.[4] As of December 1994, 19.7 percent of the adult caseload and 21.9 percent of individuals in the STRIDE target groups were enrolled in STRIDE.[5]

This does not mean that the AFDC caseload does not receive employment and training services in Minnesota, however. On the contrary, survey data (to be presented later in this chapter) from the MFIP evaluation on the participation of women in urban counties indicates that a relatively high proportion — 44 percent of long-term recipients and 45 percent of applicants — participated in employment and training activities in the first year after random assignment. The rate is all the more striking because their activities were primarily self-initiated.[6] Survey responses suggest that most of this activity was not provided through STRIDE, moreover: asked whether they participated in an activity as part of MFIP, STRIDE, or another organization, only 22 percent of the applicants and 45 percent of the long-term recipients in the AFDC group who had participated in some activity and answered the question said they participated as part of STRIDE.

These data suggest that the caseload has a much higher interest in receiving employment and training services than is reflected in the STRIDE enrollment numbers. MDRC field interviews indicate several factors besides funding constraints that may make it difficult for AFDC recipients to receive STRIDE services: the lack of a mechanism to alert recipients when they become eligible for STRIDE, the lack of routine reminders about STRIDE's offerings to eligible recipients, and a general lack of communication and contact between AFDC financial workers and STRIDE case managers, especially in certain counties.[7]

STRIDE offers an array of employment and training services and allows enrollees to pick and choose among them. The menu of available activities includes career exploration workshops, job search activities, vocational training, two- and four-year college degree programs, and course work in English as a Second Language (ESL) and Adult Basic Education (ABE) or General Educational Development (GED). Enrollees in STRIDE meet individually with a case manager to decide on an appropriate course of action and to develop an employability plan tailored to their particular circumstances. As part of the assessment process, staff may test literacy and other skills, help enrollees develop personality profiles, and require them to research a variety of employment fields.

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[4] In Hennepin County, STRIDE providers require single mothers who are interested in enrolling in STRIDE to complete a one-week workshop in which they research the education programs and employment fields they are interested in, and learn what is expected of them in the program. The workshop is designed to educate people about the program, but it also serves as a way to weed out those who are unlikely to complete training.

[5] Data provided by the Minnesota Department of Human Services, Self-Sufficiency — the Transitional Support Department.

[6] A recent report which analyzes participation rates in three JOBS sites, prepared by MDRC staff for the Department of Health and Human Services, found participation rates of 33-34 percent over the *two* years after random assignment for single-parent control group members who were not required to participate in JOBS services, but could volunteer for services in the community. These participation rates are averaged for Atlanta, Grand Rapids, and Riverside. See Freedman and Friedlander, 1995.

[7] In some counties, STRIDE case managers work for community-based organizations and are located in different offices from the AFDC financial workers; in others, they work in a county-run employment and training agency. Many of the employment and training services available through STRIDE are operated by other organizations, such as community colleges or other education and training institutions.

As noted earlier, women in STRIDE typically enroll in educational programs, including college degree programs at four-year institutions and two-year vocational training programs. STRIDE's educational thrust is emphasized right from the start. "In the STRIDE orientation we say that work is available and there are job opportunities out there but the vehicle for getting them is training and what we are going to talk about is how we, as an agency, are going to help them get training," a STRIDE worker remarked.

During the course of the MFIP evaluation, several changes in the STRIDE rules, introduced in July 1995, pushed the program to reduce its long-term education focus. STRIDE case managers are now discouraged from approving education or training plans that take longer than two years to complete. In addition, STRIDE participants who are enrolled in part-time education or training must spend a specified number of hours per week in paid employment, work study, or volunteer activities. A mandatory element was also added to the traditionally volunteer program. Although AFDC recipients can still choose whether or not to enroll in STRIDE, once they volunteer they are subject to a sanction if they cease to participate before completing the chosen activity.

Despite these changes, considerable evidence supports the conclusion that STRIDE has maintained its focus on education and training as activities that can prepare single mothers on welfare for jobs that will enable them to become self-sufficient and remain off welfare. Like the AFDC financial workers, the STRIDE case managers do not think that AFDC recipients necessarily benefit financially by working. As shown in Table 3.6, only 20 percent believe that recipients who work part-time are "better off" financially than recipients who do not work, and less than half (42.5 percent) feel recipients are "better off" financially if they work full-time.

It is not surprising, therefore, that, as shown in Table 3.6, only about half the STRIDE case managers say they "often" mention the financial advantages of working in order to motivate their caseload. As one explained, "It was hard for me to talk about how working affects the grant and why it is good for them to work. They don't come out ahead so how do I try to motivate people to work their way off assistance when it is not to their advantage?" Instead, the overwhelming majority of STRIDE case managers (92 percent) indicate that they would tell a recipient to raise her skills before taking a job (Table 3.7), and only 38 percent would advise a recipient without a GED to take a job that would pay just enough to get off welfare, instead of staying on welfare and waiting for a better opportunity. Indeed, half feel that it is not a successful program outcome if a recipient is working 20–25 hours per week but remains on welfare.

Education and training were clearly the activities of choice for women in the AFDC group, whether they received services through STRIDE or through some other organization. As shown in Tables 3.8 and 3.9, 43.3 percent of the long-term recipients and 38.0 percent of the applicants in the AFDC group who were surveyed reported participating in basic education, post-

Table 3.6

MFIP and STRIDE Case Manager Understanding and Promotion of Financial Incentives

Understanding and Promotion (%)	MFIP	STRIDE[a]
Regard themselves as "well informed" about financial incentives	91.2	75.3 **
"Would probably refer" sample members to a financial worker for any questions about financial incentives	17.6	46.2 ***
Believes sample members who work part-time are "better off" financially	85.3	20.0 ***
Believes sample members who work full-time are "better off" financially	94.1	42.5 ***
During assessment, likely to discuss the following with sample members:		
Welfare benefits sample members keep if they work	97.1	60.5 ***
Amount sample members can earn and remain on welfare	88.2	57.3 ***
Transitional benefits	94.1	88.0
"Often" mentions incentives for working to motivate sample members	100.0	53.9 ***
Believes sample members are "well-informed" about financial incentives when they enter case management	23.5	15.8
Sample size (total = 112)	34	78

SOURCE: MDRC calculations using data from staff survey of case managers.

NOTES: A two-tailed t-test is used to compare the differences in percentages. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

These percentages reflect those who responded with a 5, 6, or 7, on a scale from 1 to 7.

Respondents who failed to respond to an item or indicated "don't know" were not included in the calculations.

[a] For questions reflecting differences in the MFIP and AFDC programs, STRIDE case managers were asked about AFDC sample members only.

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Table 3.7

MFIP and STRIDE Case Manager Advice About Employment

Advice and messages (%)	MFIP	STRIDE[a]
Advice to sample members on quick job entry		
Advice to average sample member:		
"Get a job quickly"[b]	47.1	1.3 ***
"Raise skill levels"[c]	17.6	92.1 ***
Responds in middle of scale[d]	35.3	6.6 ***
Advise a sample member who can earn just enough to become ineligible for welfare to "take the job," instead of telling her to "stay on welfare and wait for a better opportunity":		
A sample member without a GED[b]	84.8	38.2 ***
A sample member with a high school diploma[b]	82.4	52.6 ***
Compared with a year ago, percent who are "more likely" to advise work rather than school for:		
A sample member without a GED[c]	45.2	25.0 **
A sample member with a high school diploma[c]	62.5	44.6 *
Questions asked of case managers about messages to sample members		
What message do the state welfare officials want you to communicate to sample members?		
"Take any job"[b]	84.4	62.5 **
"Be selective" about the jobs you take[c]	6.3	20.8 **
What message does your agency want you to communicate to sample members?		
"Take any job"[b]	54.5	22.7 ***
"Be selective" about the jobs you take[c]	18.2	52.0 ***
What message do you communicate to sample members?		
"Take any job"[b]	41.2	5.2 ***
"Be selective" about the jobs you take[c]	26.5	76.6 ***
Believe outcome is "successful" when a sample member remains on welfare but works 20-25 hours a week[c]	87.9	49.3 ***
Sample size (total = 112)[e]	34	78

SOURCE: MDRC calculations using data from staff survey of case managers.

NOTES: A two-tailed t-test is used to compare the differences in percentages. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

[a] For questions reflecting differences in the MFIP and AFDC programs, STRIDE case managers were asked about AFDC sample members only.

[b] These percentages reflect those who responded with a 1, 2, or 3, on a scale from 1 to 7.

[c] These percentages reflect those who responded with a 5, 6, or 7, on a scale from 1 to 7.

[d] This percentage reflects those who responded with a 4, on a scale from 1 to 7.

[e] Respondents who failed to respond to an item or indicated "don't know" were not included in the calculations.

Table 3.8

Participation in Employment and Training Activities Within 12 Months After Random Assignment Among MFIP, MFIP Incentives Only, and AFDC Long-Term Recipients, in Urban Counties, as Reported on the Client Survey

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Additional Impacts of Mandatory Services and Reinforced Incentive Messages
Ever participated	58.7	44.9	43.7	15.1 **	1.2	13.8 *
Ever participated in:						
Career workshop	29.6	21.2	7.9	21.7 ***	13.3 **	8.4
Job search	41.4	11.5	14.3	27.2 ***	-2.7	29.9 ***
Job search class	19.9	8.7	5.9	14.0 ***	2.9	11.2 **
Job search club	12.8	2.5	1.9	10.9 ***	0.6	10.2 ***
Individual job search	29.0	3.8	8.3	20.8 ***	-4.5	25.2 ***
Basic education	11.1	16.0	15.0	-3.9	1.0	-4.9
Post-secondary education[a]	9.8	13.3	19.2	-9.4 **	-5.9	-3.5
Vocational training[b]	6.9	5.5	9.1	-2.2	-3.6	1.4
Work experience	0.8	0.0[c]	2.3	-1.4	-2.6	1.1
English as a Second Language	2.8	3.8	0.6	2.1	3.2	-1.1
Other	2.7	1.5	5.6	-2.8	-4.1	1.3
Ever sanctioned for noncompliance with employment and training requirements[d]	22.2	1.7	5.1	17.2 ***	-3.4	20.5 ***
Sample size (total = 332)	141	61	130			

(continued)

Table 3.8 (continued)

SOURCE: MDRC calculations from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes for individual measures may vary because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] Post-secondary education is defined as courses for college credit at a two-year or four-year college.

[b] Vocational training is defined as training for a specific job, trade, or occupation that does not lead to college credit. It does not include on-the-job training or unpaid work experience.

[c] The mean is negative due to adjusting, but has been set equal to zero.

[d] Sanctioned between date of random assignment and date of survey interview.

Table 3.9

Participation in Employment and Training Activities Within 12 Months After Random Assignment Among MFIP, MFIP Incentives Only, and AFDC Applicants, in Urban Counties, as Reported on the Client Survey

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Ever participated	49.4	50.1	44.9	4.5	5.2	-0.7
Ever participated in:						
Career workshop	9.6	2.8	6.5	3.1	-3.8	6.9
Job search	18.5	14.6	14.0	4.5	0.6	3.9
Job search class	6.5	5.8	9.4	-2.9	-3.6	0.7
Job search club	4.5	0.0[a]	1.7	2.8	-2.7	5.5 *
Individual job search	12.2	12.0	8.8	3.4	3.2	0.2
Basic education	11.7	15.9	11.6	0.1	4.3	-4.1
Post-secondary education[b]	15.5	17.7	17.6	-2.1	0.1	-2.2
Vocational training[c]	10.3	11.9	8.8	1.4	3.0	-1.6
Work experience	0.0	0.0[a]	1.0	-1.0	-1.0	0.1
English as a Second Language	0.3	0.0[a]	0.6	-0.3	-0.7	0.4
Other	2.8	7.6	3.2	-0.3	4.4	-4.7
Ever sanctioned for noncompliance with employment and training requirements[d]	5.5	12.6	6.4	-0.9	6.2	-7.1
Sample size (total = 451)	217	32	202			

(continued)

Table 3.9 (continued)

SOURCE: MDRC calculations from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes for individual measures vary because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] The mean is negative due to adjusting, but has been set equal to zero.

[b] Post-secondary education is defined as courses for college credit at a two-year or four-year college.

[c] Vocational training is defined as training for a specific job, trade, or occupation that does not lead to college credit. It does not include on-the-job training or unpaid work experience.

[d] Sanctioned between date of random assignment and date of survey interview.

secondary education, and vocational training, while only 14 percent reported participating in job search. The interest in education is also consistent with the preferences sample members expressed in the Private Opinion Survey they filled out just before random assignment, as explained in Chapter 2. Asked whether they would prefer to stay at home and take care of their family, go to school, or go to work, about half of the applicants and long-term recipients said they would prefer to go to school to study basic reading and math or to learn a job skill (see Table 2.4).

II. Experiences of the MFIP Group

MFIP was designed as a counterpoint to the system just described. The program components designed for the MFIP group differ from those offered to the AFDC group in two major respects: the MFIP group is offered financial incentives and supports for going to work, and long-term recipients are required to participate in an employment or training activity unless they are working at least 30 hours a week (20 if they have a child under age 6). The intention was to transform the financial services and the employment and training components to make each more focused on employment, to allow them to better reinforce each other, and to enhance their effectiveness in moving the caseload into the work force or into employment and training services. Both qualitative and quantitative data suggest that the MFIP system has been successful in getting recipients to focus more on work, although there is still room for improvement.

A. Employment Information and Messages Given by MFIP Financial Workers

In programs like MFIP that seek to increase welfare recipients' employment and earnings by offering financial incentives to parents who go to work, efforts to inform recipients about the incentives and show that they will be better off working than not working are critical. If recipients are not given information about the financial incentives or fail to understand the information they are given, they are unable to go to work in response to the opportunity. Simply informing recipients about the incentives may not be enough to increase employment levels, however. Staff may need to actively reinforce or "market" the incentives and urge participants to take advantage of them.

MFIP staff do not have to make special outreach efforts to recruit participants. As noted earlier, random assignment to MFIP occurs when a person first applies for welfare or, for ongoing recipients, at the time of the annual eligibility review.[8] Because MFIP financial workers provide the first information that participants receive about the program — and the only information that they receive for some time — what they say is of key importance in communicating the program messages.

This section examines the information and advice that the MFIP financial workers provide to MFIP applicants and recipients in their initial interviews, ongoing contacts, and annual recertification interviews, and compares those messages with the information and advice that AFDC financial workers give to their caseload. The data show that the MFIP financial workers routinely inform single parents about MFIP's financial incentives and tell them they will be better off financially if they work; many, although by no means all, of the staff also regularly encourage recipients to find a job. In interviews with MDRC field researchers, MFIP financial workers stressed that the ability to talk to the caseload about work makes MFIP quite different from AFDC; staff's and sample members responses to surveys confirm that MFIP staff are communicating a different message about work. At the same time, their jobs are stills structured so that their eligibility functions take the bulk of their time.

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[8] Welfare applicants were informed by their financial worker at their initial eligibility interview that they had been randomly selected for MFIP; current recipients were informed that their case was being converted to MFIP when they came in for their recertification interview.

As Table 3.1 showed, MFIP financial workers say it takes about an hour to complete an initial eligibility interview or a recertification interview, including about 14 minutes in initial eligibility interviews and 10 minutes in recertification interviews discussing employment and training options.[9] These estimates are slightly higher than what AFDC financial workers report. As important as the amount of time they spend on interviews, however, is that the MFIP staff are providing their caseload with significantly different types of information and advice during these interviews.

Early field observations suggested that although some workers initially had difficulty explaining in detail how the MFIP incentives work, most stressed that "work now pays" and many found multiple ways to communicate this message. Handouts (prepared by the state) showing how income would change if a recipient worked various hours per week at various hourly wages seemed particularly helpful in illustrating the basic point. Data from the staff survey shown in Table 3.2 confirm that MFIP financial workers are much more likely than their AFDC counterparts to tell their caseload about the benefits and supports available to them if they take a job: about 90 percent of the MFIP financial workers say they are likely to talk about the welfare benefits, child care assistance, and transportation assistance that single mothers receive if they go to work and the transitional benefits available to them if their income leaves them ineligible for welfare. About half the MFIP staff gave the highest possible response to these questions (a 7 on a scale of 1 to 7), indicating that they were very likely to discuss these issues; only a very small percentage of AFDC financial workers gave the same response.

The MFIP financial workers do more than simply explain how the welfare grant will be affected if a single mother goes to work; they also stress that it is advantageous for an MFIP sample member to get a job. As was shown in Table 3.4, 100 percent of the MFIP workers believe that recipients are "better off financially" if they work either full-time or part-time while they are on MFIP. In contrast, only 43 percent of the AFDC financial workers believe AFDC recipients are much better off if they work part-time and only 52 percent are convinced this is true for recipients who work full-time. MFIP financial workers are also more likely than AFDC workers to believe that the average welfare recipient is better off getting a job as quickly as possible instead of enrolling in school or training. Consequently, as Table 3.4 showed, more MFIP financial workers than AFDC financial workers said they encourage their caseload to go to work given a variety of circumstances.

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[9] Like AFDC workers, MFIP financial workers are divided into intake eligibility staff and ongoing eligibility staff in Hennepin County. In all the counties, most of the MFIP financial workers are former AFDC workers who volunteered or were recruited to participate in MFIP.

Financial workers have additional opportunities after the initial interview to convey the MFIP messages. Like their AFDC counterparts, MFIP participants are required to report changes in income, household status, or employment. In addition, state guidelines encourage MFIP financial workers to contact their caseload every 90 days, and MFIP recipients receive flyers on a quarterly basis from the state MFIP office reminding them of MFIP's benefits. Field research shows that the financial workers find it difficult to contact their caseload by phone or in person on a quarterly basis,[10] and the survey responses reported in Table 3.3 indicate that financial workers in MFIP have no more contact with their caseload than their AFDC counterparts have with theirs. Like the AFDC staff, MFIP staff report having conversations with about 40 percent of their caseload in the course of a month, and about 58 percent over the course of three months. Nor do MFIP financial workers report spending any greater proportion of their time counseling/advising or giving information to their caseload than their AFDC counterparts do, as shown in Figure 3.2.

What MFIP and AFDC staff talk about when they converse with their caseload does differ, however. Staff responses (shown in Table 3.3) to survey questions about their conversations with inactive members of the caseload — women who were not working, not in school, and not enrolled in employment or training activities — show that MFIP staff have more conversations in which they talk about the importance of looking for work and explain what welfare benefits are available to working mothers. MFIP financial workers do not bring up these topics in every conversation with every sample member, however.

It is important to note that while the staff survey responses show that the MFIP and AFDC programs were sending different messages about work, they also indicate that the MFIP message was not consistently reinforced during the second year of the evaluation, when the survey was fielded. MDRC interviews with MFIP financial workers in the demonstration counties confirm that the work message was reinforced somewhat sporadically at the beginning of the evaluation, but they also indicate that during MFIP's third year staff were more likely to discuss work options and to encourage recipients to take a job.

How effectively is the information about MFIP being conveyed? As we have seen, MFIP financial workers did not spend a lot of time explaining the financial incentives or discussing employment and training service options during the eligibility and recertification interviews on average, about 14 or 10 minutes, respectively. MDRC observations suggested that, early in the demonstration, some staff found it difficult to present the details about welfare benefits and earnings, and that the caseload often appeared confused about what they heard. In interviews with field researchers, financial workers commented that it was important to repeat the information over and over, but indicated that time constraints sometimes made that difficult. As a result, they were not always confident that recipients understood how the MFIP incentives worked or how their income would be affected if they took a job. Only about one-fourth of the case manag-

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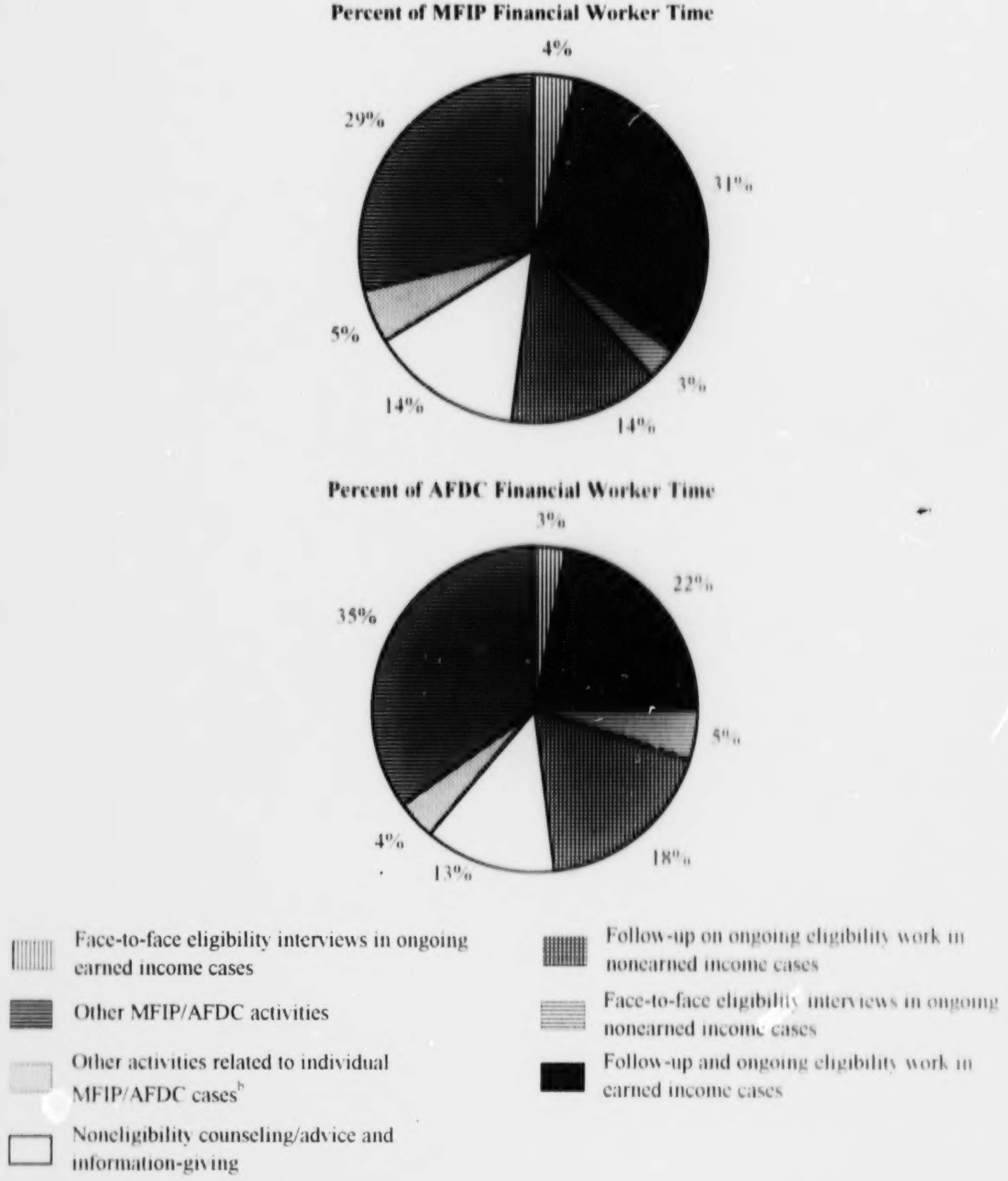
[10] In a number of counties, staff are now allowed to make some of the quarterly contacts by mail.

Figure 3.2

Distribution of MFIP and AFDC Financial Worker Time on Various Activities for Ongoing Cases[a]



Percent of MFIP Financial Worker Time

Percent of AFDC Financial Worker Time

SOURCES: MDRC calculations using data from the MFIP time study of financial workers and the staff survey of financial workers.

NOTES: [a]Ongoing cases are recipients already receiving welfare.

[b]Other activities related to individual MFIP or AFDC cases consist of: MFIP/STRIDE case management and CWEP activities; sanctioning activities; child care activities; client group activities (e.g., orientation, job fairs).

ers judged the recipients who came to MFIP case management to be "well informed" about the program's financial incentives (see Table 3.6).

Nevertheless, the women's responses to survey questions one year after they were randomly assigned indicate that most did understand that the incentives and supports existed and realized that in MFIP it pays to work, even if they were not always clear about the details of how the incentives are provided. As was shown in Table 3.5, over 80 percent knew about their child care entitlement; over 70 percent believed they could work 30 hours or more per week and remain on MFIP; and over 65 percent understood that they would be financially better off if they went to work while on MFIP.[11] It is also noteworthy that sample members in the AFDC group were considerably less likely (with reason) to believe that they would be better off financially if they were working, that they were entitled to child care assistance if they worked, and that they could keep part of their grant if they worked 30 or more hours per week. Additional analysis indicated that sample members in the MFIP group derived their understanding from information that the financial workers gave them; any reinforcement of the message provided by the MFIP case managers did not increase their basic understanding of the program's incentives.[12] While there is certainly room for improvement, participants appear to understand the incentives and supports for work well enough so that the MFIP evaluation provides a fair test of the impact of the incentives.

B. Changing the Culture of the Welfare Office

1. A Stronger Work Message. The above section highlights an important difference between the behavior of MFIP and AFDC financial workers: because the MFIP financial workers feel free to discuss work, they are communicating a new and different message to their caseload. MFIP staff — most of whom were AFDC workers before volunteering to become financial workers in MFIP — regard the shift from merely handling eligibility issues to also discussing the financial advantages of going to work and asking a single mother about her plans as a major change in the way they interact with their caseload. An MFIP worker who had been an AFDC worker six months earlier explained:

> When I was trained in AFDC, we were told specifically that clients have a right to sit on assistance and do nothing if they chose to do so — that is their right and we cannot infringe upon that right. So we basically dole out the money and keep our

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[11] Data collected in the first year of MFIP show similar levels of understanding. Responses to a questionnaire filled out by 255 MFIP participants across the demonstration counties immediately after their eligibility interviews showed that 81 percent knew that if they became employed under MFIP, they would be better off financially, and 86 percent understood that MFIP would pay for their child care if they worked (Knox, Brown, and Lin, 1995).

[12] This can be seen from an analysis of the responses different groups of sample members made to four survey questions about incentives for working. Although the responses of both MFIP groups differ from those of the AFDC group, as seen in Appendix C, Table C.2, there are no statistically significant differences in the responses of the long-term recipients in MFIP who were required to enroll in MFIP case-management, and those in the MFIP Incentives Only group who never met with MFIP case managers. This shows that being assigned to MFIP case-management did not increase understanding of the incentives among long-term recipients. Additional data presented in Appendix C, Tables C.4 and C.5, show that both short-term recipients and applicants in the MFIP groups had a different understanding of incentives compared to their counterparts in AFDC. These differences reflect differences in what their financial workers told them.

> mouths shut. In MFIP, part of our job is to inquire about job opportunities or what their plans are and I don't feel I am infringing on their rights asking about those things. On AFDC, that was taboo. You just didn't do that.
>
> In AFDC, a recertification went: "Hi. How are you? How is it going?" You wait for them to bring the issue up — are they looking for a job? Now I can bring the issue up. When a client calls me and says, "I quit my job" or "I got fired," I don't feel bad that the next thing out of my mouth is, "What are you doing now? Why did you get fired? Are you looking for work?" We were trained in AFDC that it was not our business to ask why. We just did our jobs. We just checked the numbers and sent out paperwork.

A supervisor confirmed:

> There has been an attitude and cultural shift in income maintenance. For [financial workers] to start to talk to people coming in to get assistance about work is different from what has traditionally been done.

MFIP workers say that MFIP's incentives have made it easier for them to talk to clients about work: they observe that they are able to describe the advantages of work and encourage their caseload to think about working because they themselves are convinced that the advantages of working are real and demonstrable. One explained:

> [When] I was an ongoing AFDC financial worker, if someone called me and said they wanted to go out and work, first I would have to explain how their money would be budgeted. That was a 20-minute conversation and I never knew if they understood it. I tried to encourage part-time work but the hard part of that was losing their disregard on part-time work. It was very hard for me to say that if you get a job at $6 an hour, you are not going to be able to afford day care and it is going to be very hard for you to live but you are not going to get any more welfare benefits. It puts the financial worker in a terrible position. There is no way to talk around that kind of policy. And MFIP completely frees you up. You have everything good to say about work, everything.

Undoubtedly, the strong economy in Minnesota also makes a stronger work message acceptable to both the MFIP staff and the MFIP caseload. Statewide, the unemployment rate in Minnesota was around or lower than 4 percent during the period covered in this report. In the urban counties in the evaluation, the average unemployment rate was even lower, around 3 percent or less.[13] In such an economy, low-wage, entry-level jobs may be more readily available than they would be otherwise to women with low skills, little education, and a history of welfare receipt.

2. Limits of the Financial Worker's Role. Although the MFIP financial workers are explaining the advantages of working to their caseload, they are not performing the functions of social workers or case managers and they are not marketing the incentives in the same way that case managers do — nor were they expected to do that. While financial workers' average caseloads are smaller in MFIP than in AFDC, the caseload reductions were intended to give them additional time to process the anticipated increase in cases with earned income. Their primary responsibility remains determining eligibility and processing grants. It is not surprising, therefore, that MFIP financial workers are not spending more time overall counseling or advising their caseload and do not give very specific advice. Indeed, as the following comments indicate, financial workers typically feel it is not their job to systematically assess the needs and interests of individuals on their caseload, make detailed plans for them, or monitor their progress:

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[13] Unpublished material provided by the U.S. Bureau of Labor Statistics.

> I've never been taught to look at each client individually to decide this person should be pushed to work and this one should be pushed to school. We have not had any training or skills in that. Case managers assess clients.
>
> Case managers will offer information that [we] had no idea about, like a client is having stressful problems with their mom or dad or someone is terminally ill. We don't care about anything like that, but the case managers seem to have a wealth of information about what is personally going on in their lives. . . .
>
> If someone called and got a raise, I would give them hearty congratulations. It's not as if I don't work with clients or sympathize or whatever. But I don't want to have a half-hour conversation with them. I don't have time for that.[14]

In MFIP, such responsibilities are left to specialized case managers who work with long-term recipients to develop an employment plan and monitor their progress in employment and training activities, as discussed in Section II.C of this chapter.

MFIP financial workers also note that the MFIP incentives and changes in the way benefits are calculated have made it easier for them to do their job by making their relations with the welfare caseload less adversarial. They are relieved that they no longer have to explain or defend "stupid" rules or "quirks" that do not seem to make a lot of sense or to be in a recipient's best interest. As a result, financial workers believe that welfare recipients are now more open with them, and are less likely to feel they have to hide something.

Another way in which MFIP has changed the financial worker's job is through its approach to processing reviews for cash assistance. An open question when the MFIP demonstration began was whether cashing out Food Stamps, determining eligibility, and calculating benefits under MFIP rules would be simpler and more efficient than calculating grants under the traditional Food Stamp and AFDC rules, which require different types of information and two separate sets of calculations. Both time study responses and conversations with staff indicate that although the process has been streamlined, financial workers are spending the same if not more time on ongoing eligibility functions because a greater portion of the caseload is working and remaining on welfare.[15] Follow-up and ongoing eligibility reviews for recipients who are not working takes about the same amount of time in both systems; for working recipients, it takes a little less time to review eligibility than it does in AFDC. However, because it takes longer to process the paperwork for working recipients than nonworking recipients, and because a greater proportion of the MFIP caseload (compared with the AFDC caseload) is working while remaining on welfare, ongoing eligibility calculations take more time, overall, in MFIP than in AFDC. Thus, the total proportion of time financial workers spend on processing grants for their ongoing caseload is slightly higher in MFIP than in AFDC. (See Table 3.2.)

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[14] An exception to the general rule was one financial worker who enjoyed developing a personal relationship with women on her caseload. She noted, "I get very close to mine. . . . I think because I relate to them more mom-to-mom. I do call to find out what is going on with them."

[15] The time study did not assess the proportion of time spent on follow-up for eligibility of new applicants.

3. Interactions Between Financial Workers and Case Managers. Finally, MFIP has encouraged more interaction and closer ties between financial workers and case managers. In order to effectively inform and advise MFIP recipients, both types of staff need to understand how the MFIP financial incentives are provided and what is required or available in the MFIP employment and training component. In particular, both financial workers and case managers need to know when an MFIP recipient goes to work, and both are involved in processing a sanction against a recipient who fails to comply with the participation mandate. The need to communicate about these issues has led to better communication in other areas as well. Both MFIP financial workers and MFIP case managers noted this change and credited it with helping them do their job better. In particular, they said they benefited from exchanging information about their common caseload and increasing their understanding and knowledge of the other system. In offices that are co-located, staff may attend each others' meetings on occasion; in offices that are physically separate, staff may visit back and forth and "job shadow" — follow an employee for several hours — to get a better grasp of what their counterparts do.[16] Increasingly, too, staff report that they phone each other to discuss their joint caseload and particular problems that individual recipients may be experiencing. In a few instances, workers have begun meeting jointly with recipients — for example, when someone comes in for an annual recertification interview. Both types of workers stress the benefits of pooling information about specific individuals and presenting a "united front" when dealing with recipients who are having problems.

Such interactions pose a sharp contrast with the AFDC/STRIDE system in many counties, where workers say they have little interaction with each other and little understanding of what goes on in each others' offices. Survey data (not presented here) confirm that a change is occurring in the relationship between MFIP financial workers and case managers. MFIP financial workers consistently report much higher rates of contact, information sharing, and consultation with MFIP case managers than with STRIDE case managers. The movement toward more contact and coordination between the MFIP financial workers and the MFIP case managers has also helped the program to communicate a more consistent message and thus contributes to the synergistic aspects of the MFIP program.

C. Messages and Services Provided by Case Managers to Long-Term Recipients in the MFIP Employment and Training Program

This section describes the experiences of the long-term recipients, who were immediately required to participate in employment and training services when they were randomly assigned

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[16] In some counties, MFIP case managers are co-located with STRIDE case managers; they may also be co-located with MFIP financial workers.

— about 41 percent of the single-parent sample described in this report — and compares their experiences with those of the typical AFDC recipient in STRIDE.

Several kinds of evidence indicate that MFIP case managers send a positive message to recipients about the benefits of MFIP's work incentives and the importance of working, and that they are more likely to recommend activities that will facilitate early job entry. In addition, the mandatory participation requirement is being regularly enforced. As a result, the long-term recipients in the MFIP group were more likely to participate in employment and training activities and enrolled in different types of activities from those of their AFDC counterparts who were offered voluntary services.

1. **Service Mix and Focus**. As discussed, STRIDE has traditionally been identified as a program that enrolls AFDC recipients in long-term education and training courses with the goal of raising their skills so they can get jobs that can make them self-sufficient. Although MFIP was designed to — and does — offer a similar menu of service options, state officials intended the MFIP program to focus on education and training services that would be shorter in duration and lead more directly to a job than the typical STRIDE offering. (Recipients in the MFIP group who were already enrolled in STRIDE were often allowed to continue in the same activity, even if it was a long-term education program.) State guidelines for MFIP case managers highlight the importance of stressing work in the context of providing a menu of service options and tailoring an employment plan to individual circumstances and preferences. The staff manual, for example, stresses the program's flexibility and the benefits of being able to combine education or training with employment or to pursue part-time employment as an intermediate option if a recipient does not feel able to work full-time.

To facilitate the movement of the MFIP caseload into jobs, the MFIP design emphasized enrolling women who were unsure of their employment goals in career exploration workshops so they could explore different types of occupations, identify jobs that matched their interests and personalities, and learn about the local labor market and education and training resources before developing an individual employment plan. State staff urged local agencies to keep the workshops short and offer them frequently so individuals could participate in them soon after they were referred to a case manager.

Special attention has also focused on strengthening the MFIP job search component and making more use of it as the first activity for enrollees. In late 1994, staff from the Minnesota Department of Human Services (DHS) observed job search activities in the evaluation counties, and made recommendations for improving them. In response, some MFIP providers revamped their job search offerings to include more structured activities and increased the number of hours that participants were expected to spend in supervised job search.

In MFIP, as in STRIDE, single mothers can enroll in three types of job search activities: job search class, job search club, and individual job search. MFIP job search classes, which run for one or two weeks, teach participants how to conduct a job search, fill out an application, write a résumé, act during an interview, and so forth. Single mothers who are ready to look for a job are enrolled in job club or individual job search or, often, both simultaneously. Job clubs meet in a resource room where participants can use local directories, job listings, newspapers, telephones, computers, and other resources and equipment. Under the supervision of a job counselor or case manager, they prepare résumés, respond to "help wanted" advertisements, fill out applications, and call employers. The women do not participate in many group activities and are not usually required to contact a specified number of employers, apply for a specified number of jobs, or meet other quota. Nor are recipients required to spend a great deal of time in this activity: one MFIP county ran job club for two hours a day, two days a week; a provider in another county scheduled job club for two days a week, but required MFIP recipients to attend only one day.

2. Messages and Advice About Employment. Survey data detailing the opinions and behavior of the MFIP case managers and sample members in the MFIP group, along with findings from interviews with staff, suggest that MFIP staff have successfully created a separate identify from STRIDE (even when they operate out of the same offices[17]) and have helped MFIP become a program that is increasingly employment-oriented and focused on quick job entry.

The fact that MFIP case managers are more likely than their STRIDE counterparts to promote the advantages of working is evident from their initial contact with the sample members. Like the MFIP financial workers, and unlike their STRIDE counterparts, the MFIP case managers make the advantages of working a central focus of their orientation for new participants.[18] Field observations in the first year revealed that MFIP staff spent a considerable amount of time in their orientations reviewing and explaining the MFIP financial incentives, the financial advantages of working, and the availability of free child care for recipients who work; STRIDE orientations, in contrast, did not include discussions of immediate employment, but instead concentrated on describing the educational and training options and supports available to recipients. Survey data presented in Table 3.6 confirm that MFIP case managers are more likely than STRIDE staff to discuss, during assessments of new participants, the welfare benefits that sample members can keep if they go to work and the amount that a sample member can earn without becoming ineligible for welfare. In addition, 100 percent of the MFIP case managers said they "often" mention work incentives when they are trying to motivate participants in their day-to-day contacts, while only about half the STRIDE case managers say this.

Case managers have many opportunities for reinforcing the financial incentives message because they speak frequently with the members of their caseload. Personal attention and monthly contact are encouraged in both the MFIP and STRIDE case manager guidelines, and caseloads are kept small — average, about 40 women — to facilitate this. As shown in Appendix Table C.1, almost 40 percent of the MFIP case managers said they talk with some sample members at least every two weeks; on average, they said they contact 82.3 percent of their caseload by phone or in person during a month. These are about the same rates reported by STRIDE case managers.

In responses to other survey questions, case managers confirmed that they send their MFIP caseload a stronger employment message than their STRIDE counterparts give to their caseload. For example, as shown in Table 3.7, almost half the MFIP case managers said they would advise sample members to get a job before trying to raise their skills, and 17.6 percent said they would advise them to raise their skills first. In contrast, only 1.3 percent of the STRIDE case managers said they would advise sample members to take a job first, and 92.1 percent would advise raising skills first. A much higher percentage of MFIP staff would tell a sample member to take a job that would pay just enough to make her ineligible for welfare instead of advising her to stay on welfare and wait for a better opportunity.

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[17] In some counties, MFIP and STRIDE case managers work for the same organizations at the same locations. In others, specially hired MFIP case managers are co-located with MFIP financial workers.

[18] In most locations, MFIP sample members attend a two-hour group orientation; in some offices, however, MFIP sample members meet individually with a case manager.

There is some evidence to suggest that the MFIP case managers, like the MFIP financial workers, have become more focused on conveying a strong employment message over time. On the staff survey, both MFIP and STRIDE case managers said that, compared with the year before, they were more likely to advise recipients to go to work, but the emphasis is much more pronounced in MFIP than in STRIDE (see Table 3.7). Field interviews during the third year of implementation suggest that the differences in the messages conveyed by the two programs are indeed quite substantial, and that getting a job in the short run is much more of a priority for MFIP case managers. "In this office, we talk about MFIP as a work program," one supervisor noted.

To a great extent, the different advice MFIP staff give their caseload reflects their respective attitudes about the effect working has on sample members' financial well-being. As shown in Table 3.6, fully 94 percent of the MFIP case managers believe that sample members who work full-time are "better off" financially than those who don't, and 85.3 percent believe sample members are "better off" financially if they work part-time. In contrast, only 42.5 percent of the STRIDE case managers believe full-time work makes their sample members "better off" financially and only 20 percent believe their caseload members are "better off" financially if they work part-time. Responses to questions about the messages state officials and local agencies want case managers to convey, shown in Table 3.7, suggest that their guidance, too, has played a role in developing case managers' views.

The different messages are not lost on the sample members. Asked what staff encourage them to do, 65.0 percent of the long-term recipients in MFIP said they were encouraged to get a job quickly, compared with 15.4 percent of their counterparts in the AFDC group (see Appendix Table C.2). One-half of the MFIP group versus one-fourth of the AFDC group said they were encouraged to go to school or training. Moreover, as Appendix Table C.2 shows, the percentage of long-term recipients in the MFIP group who felt that being in the MFIP program increased their chances of getting or keeping a job was higher than the comparable percentage of women in the AFDC group.

Finally, an important issue in programs that offer financial incentives to work is whether the additional benefits recipients can keep induces them to reduce their hours of employment. As noted in Chapter 1, the MFIP incentives make part-time work particularly advantageous for single parents on MFIP. No data are available to determine whether MFIP case managers were likely to encourage MFIP sample members to work part-time instead of full-time, but the available evidence does suggest that MFIP case managers were more likely than their STRIDE counterparts to encourage part-time work if working full-time was not feasible, or as a form of work that could be combined with some other activity (such as GED preparation). The MFIP staff manual stressed the advantages of combining work and education over not working at all, and some MFIP providers expected single parents who wanted to enroll in part-time education to also work part-time.[19] In interviews with MDRC staff, many case managers talked about part-time work as a stepping stone to full-time employment. As noted, a much higher percentage of MFIP case managers than STRIDE case managers believe that single parents on their caseload are "better off" financially if they are working part-time than not working. In addition, 87.9 percent of MFIP case managers said that a recipient who remains on welfare but works 20–25 hours reflects a "successful" outcome (Table 3.7), while only half of the STRIDE case managers feel that way. For all these reasons, a higher rate of part-time employment might be expected in MFIP compared with AFDC.

3. Participation Patterns Among Single-Parent Long-Term Recipients in Urban Counties. The different messages that MFIP and STRIDE case managers are sending appear to have an impact on the participation patterns of their caseloads. As shown in Table 3.8, long-term recipients assigned to the MFIP group were more likely than their counterparts in the AFDC group (58.7 percent compared with 43.7 percent) to participate in employment and training activities within 12 months after random assignment.[20] This MFIP group was also substantially *more* likely to participate in career workshops in which assessment and goal-setting took place (29.6 percent versus 7.9 percent) and in job search (41.4 percent versus 14.3 percent), but *less* likely to participate in post-secondary education (9.8 percent versus 19.2 percent).

These data suggest that offering financial incentives to work and sending a strong message that "work pays" were instrumental in moving sample members into job search activities — either because single parents arrived at case management wanting to work, or case managers convinced them that was the best thing to do, or case managers assigned recipients to job search regardless of individual preference. Data shown in Appendix Table C.1 suggest that MFIP staff may have been more directive or more influential in steering participants into activities than their STRIDE case managers. Almost one-fourth of the MFIP case managers said that the staff's opinion was considered more than sample members' opinions in selecting activities, while only 8 percent of the STRIDE workers reported that. MFIP staff were also less likely to feel that sample members were given many choices about employment options and activities (58.8 percent compared with 86.5 percent). Asked specifically about what programs were "normally available" to sample members, a larger percentage of MFIP workers mentioned job search/job club, and a correspondingly smaller percentage mentioned occupational skills training/vocational education and post-secondary education.

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[19] Since July 1995, STRIDE participants in a part-time education course are required to spend a specified number of hours per week in paid employment, volunteer work, or a work-study position. But while STRIDE case managers tend to encourage their caseload to take a work study position that will not affect their grant level, MFIP case managers urged MFIP recipients to get a paying job.

[20] For comparability with MFIP components, participation measures for the AFDC group do not include attending a STRIDE informational orientation *prior* to volunteering for STRIDE; instead, they include only post-orientation STRIDE activities. In addition, participation measures count assessment as an activity only if it was part of a group workshop.

Nonetheless, it should be stressed that employability plans can be tailored to fit individual circumstances and, as Table 3.8 shows, MFIP participants did enroll in a variety of activities, including education and vocational training. Moreover, while about half of the MFIP case managers say they would encourage sample members to take a job instead of raising their skills first, almost one-fifth say they would advise raising skills first, as was shown in Table 3.7. In discussions with MDRC field researchers, case managers identified several types of recipients for whom they felt an immediate job search was inappropriate. In many MFIP offices, recipients of all ages who do not have a high school diploma or a GED certificate are sent to basic education as a first activity. (MFIP rules require only teen mothers without a degree to pursue basic education.) Many case managers also feel that recipients who are dealing with chemical dependency, mental illness, homelessness, an abusive partner, a handicapped child, or similar problems need to get help before they can be expected to maintain a job.[21] Case managers are reluctant to assign such individuals to job search; instead, they write plans in which the recipient's first step is to get help for the problem, generally from another social service agency. In many offices, case managers put recipients with special problems into a "hold" status for 30 days, giving them time to begin to address the problems before writing an employment plan.

4. Implementing a Mandatory Participation Requirement. Imposing a broad participation requirement in MFIP required major changes in the attitudes and behavior of the MFIP staff, as well as individuals on the caseload. Unlike STRIDE staff, who deal primarily with women who volunteer to participate in an employment or training activity, MFIP case managers have to work with a much broader spectrum of the welfare caseload. Their caseload includes women who are resistant to participating or who have many problems that make it difficult for them to participate, as well as women who are eager to work and who take advantage of the financial incentives or are eager to participate in education and training activities.

Case managers believe, and the participation data confirm, that the participation mandate has increased participation among women who would not have volunteered for services on their own. This increase complicated case managers' responsibilities, however. While STRIDE case managers estimate that almost two-thirds of their caseload members are highly motivated to become self-sufficient, MFIP case managers' estimates are closer to one-third, as shown in Appendix Table C.3. Many MFIP staff indicated in conversations with MDRC field researchers that they find it frustrating to work with sample members whom they consider unmotivated or who have family or personal problems that interfere with their ability to work or participate in activities. They believe that as more motivated and more skilled participants find jobs and leave case management, the program is left with a caseload in which a large proportion of cases have these types of problems. Other long-term participants simply seem "stuck," as one case manager put it — that is, unable to make progress toward getting a job. For such individuals, case managers say, financial incentives have little meaning. Staff, therefore, say they spend a lot of time and energy talking with them, scheduling appointments, sending them reminders and other information, and trying different strategies to motivate them.

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[21] Unlike STRIDE, MFIP was designed to provide support services for such problems, in anticipation that participation mandates would bring in single parents who needed this type of assistance.

As shown in Table 3.8, 22.2 percent of the MFIP group who were immediately subject to the participation mandate reported that they had been sanctioned for nonparticipation in the first 12 months after random assignment. As anticipated, this is a substantially higher rate of sanctioning than reported by the MFIP Incentives Only and AFDC groups.[22] Sanctions in these groups reflect noncompliance with STRIDE participation rules, and come from three sources: welfare applicants who fail to attend the mandatory STRIDE orientation, teen mothers who fail to comply with the mandate to participate in education, and — beginning July 1995 — women who volunteered for a STRIDE activity and stopped participating before completing it.[23]

Although participation rates are higher among long-term recipients in the MFIP group than among the MFIP Incentives Only and AFDC groups, MFIP case managers feel that the threat of a sanction has not been as effective as they would like in motivating long-term recipients to participate. Nevertheless, it appears to be more effective with some nonparticipants than simply cajoling or trying to persuade. Thus, case managers noted that as time went on, they were less likely to give noncompliant recipients multiple warnings before issuing an "intent to sanction" notice because it was only this final step that got nonparticipants to respond, if they responded at all. Moreover, staff believe that the financial penalty incurred — a 10 percent reduction in the grant, compared with the removal of the noncompliant adult's needs from the grant in the AFDC system — is not very onerous and, therefore, they have few qualms about imposing a sanction. Indeed, they report, some recipients openly declare that they prefer to be sanctioned rather than participate in an activity; in effect, these sample members *choose* not to participate. Both MFIP financial workers and case managers, when asked what changes they would recommend in MFIP, uniformly urged that the sanctions be increased or graduated as the time in sanction lengthens. Survey data (not shown) confirm that staff found the sanctions inadequate.

Additional data compiled by the Minnesota DHS suggests that another group of single mothers may have found it difficult to participate in MFIP activities. DHS collected data on a random sample of families who, according to the state's automated records, were sanctioned for failing to comply with the MFIP participation mandates. Two different samples were drawn: 50 families who were in sanction in February 1996, and 85 families who were in sanction in August 1996.[24]

The data collected by the state show that, overall, the demographic characteristics of the recipients who were in sanction in February and August 1996 do not look very different from those of the active caseload in December 1995. However, the recipients who were in sanction showed a much higher incidence of what MFIP case managers identified as "barriers to employment." For example, case managers noted that 35 percent of the recipients in the active MFIP caseload in spring 1995 had at least one barrier to employment, and 16 percent had multiple barriers; among the sample in sanction in February 1996, 76 percent of the recipients were identified as having at least one barrier, and 39 percent had multiple barriers. The greater prevalence of mental health problems, chemical dependency, and "poor social skills" among the sanctioned participants is particularly striking.

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[22] The sanction rates reported here, concentrated in 1995, are likely to be higher than those we would have measured in 1994 with MAXIS, the state's automated reporting system. The sanctioning function was not available on MAXIS until September 1994, and, even after that date, there were some problems in the automated sanctioning function. These technical difficulties may have discouraged workers from applying sanctions for nonparticipation during the first year of MFIP operations. Subsequent data obtained from MAXIS corroborate the self-reported sanction rates.

[23] It is unlikely that this rule change would significantly affect sanctions reported during the 1995 survey, however.

[24] The data are reported in a memo from Deborah Huskins, Assistant Commissioner, Minnesota Department of Human Services, to State Senator Pat Piper, "Response to MFIP Questions about Sanctions" (March 4, 1996), and in the State's "February 1996, Sanction Report," and "August 1996, Sanction Report."

The state's data also show that when MFIP recipients were sanctioned, many did not move quickly to comply and get their grant restored: In both the February and August samples, about half the recipients who were in sanction had already been in sanction for five months or longer. However, the fact that the proportion of the caseload who had been in sanction for five months or longer was not substantially higher in the August 1996 random sample than in the February 1996 sample suggests that some of the individuals in sanction were moving out of sanction or off of welfare.

5. Summary: Experiences of Long-Term Recipients in the MFIP Group. The differences between MFIP's mandatory employment and training services and STRIDE's voluntary services are marked. Compared with the members of the AFDC group, the members of the MFIP group who participated in the MFIP employment and training component immediately after random assignment were much more likely to be focused on getting a job. They understood from their conversations with MFIP financial workers that it was financially advantageous for them to work, and their MFIP case managers reinforced this message and encouraged them to develop an employability plan to move them relatively quickly, if not immediately, into employment. Twelve months after entering the program, a significantly higher proportion of this group had participated in employment and training activities geared to move them relatively quickly into the job market.

D. Experiences of Applicants and Short-Term Recipients in the MFIP Group

The experiences of short-term recipients and applicants in the MFIP group were quite different from those of the long-term recipients. Although not immediately required to participate in services, they could look for a job on their own or volunteer for other services in the community.[25] Beginning in July 1995, members of the MFIP group could also volunteer for MFIP services before they became subject to the participation mandate. The number of volunteers was capped at 10 percent of the active MFIP caseload. The behavior of the short-term recipients and applicants provides evidence about whether the financial incentive alone induced single parents to look for a job in the short run, and whether the knowledge that they would eventually be required to participate in an employment and training component affected their interest in obtaining work or employment and training services.

1. Messages About Financial Incentives. Financial workers gave these individuals the same explanation about the MFIP financial incentives as they gave the MFIP long-term recipients. As noted above, survey data suggest that this information was sufficient to give them a basic understanding of the financial incentives, even though the incentives were not aggressively marketed.

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[25] Women who were already enrolled in a STRIDE activity were generally allowed to continue it.

2. Messages About Participation in Employment and Training Activities. As was shown in Table 3.2, financial workers told single parents that they would be required to participate in the MFIP employment and training component after they had been on welfare for 24 months, but they didn't provide many details about what that entailed. Survey data presented in Tables Appendix C.4 and C.5 show that about two-thirds of short-term recipients, but only about half of the applicants in the MFIP group, understood the mandatory aspect of the program. Thus, it is unlikely that the sketchy descriptions of a mandated activity that was still months or years away would have much influence on their behavior in the short term.

Nor did the MFIP financial workers provide much guidance to sample members about what to do before they were mandated to participate in MFIP employment and training, and they were not expected to do so. Both field observations in the first year of the evaluation and interviews during the third year suggest that, in keeping with the MFIP program design, the financial workers made no special effort to encourage applicants or short-term recipients to volunteer for employment and training services before becoming subject to the MFIP mandates. Workers did, however, give out lists of service providers in the community.

3. Participation Patterns Among Single-Parent Applicants in Urban Counties. Because applicants assigned to the MFIP group typically had two years to wait before they became subject to MFIP's mandatory participation requirement, they were not required to participate in MFIP employment and training activities during the follow-up period in this report. As shown in Table 3.9, compared with their counterparts in the AFDC group, there are no statistically significant differences in either their overall participation rate or the rate at which they participated in activities such as job search and education. Thus, the knowledge that they were immediately eligible for special work incentives and would be required to participate in MFIP employment-related services in two years did not affect new applicants' interest in enrolling in an education, training, or job search program in any discernible way in the first year after they entered the research group.

It is also noteworthy that about half the applicants in all three major research groups volunteered for services, even though they were not required to do so, and financial workers made no special efforts to refer them to other service agencies in the community.

As expected, applicants assigned to the MFIP group who volunteered to participate in employment and training services in the first year after random assignment were, for the most part, enrolled in programs operated outside the MFIP system. Survey data show that 83 percent of the applicants in the MFIP group who participated in some activity and identified the source of the activity said they participated as part of "other." The fact that they show much lower participation rates in career workshops and job search activities than did the long-term recipients in the MFIP group offers additional evidence that MFIP case managers — who did not interact with applicants — developed a very different approach from other employment and training programs in the state.

4. Participation Patterns Among Single-Parent Short-Term Recipients in Urban Counties. As shown in Appendix Table E.1, the short-term recipients in the MFIP group reported an overall participation rate that is high and not statistically significantly different from that of the short-term recipients in the other research groups. The short-term recipients in the MFIP group do, however, show significantly higher participation in job search. Two factors reduce the usefulness of these data for understanding the effect of an impending participation mandate on behavior in the short term. First, because the sample sizes are very small, the data may not be very representative. Second, because some proportion of the subsample became subject to the MFIP participation mandate within the follow-up period, their participation rates reflect mandatory activities as well as voluntary ones. For these reasons, the data are not discussed in detail here.

III. Experiences of the MFIP Incentives Only Group

The third research group in the MFIP evaluation is the MFIP Incentives Only group — single women who were eligible for the MFIP incentives and the voluntary services available through the STRIDE program or other community resources. Although, as discussed in Chapter 4, their experiences are important to understanding whether the impact of the program is produced by the financial incentives or the combination of incentives plus a participation mandate, the findings on participation should be viewed with caution since they are based on very small sample sizes.

A. Messages About Financial Incentives and Employment and Training Activities

Applicants and recipients assigned to the MFIP Incentives Only group heard the same information about financial incentives from the MFIP financial workers as did the members of the MFIP group. However, the message that "work pays" may have been diluted if they attended a STRIDE orientation (mandatory for applicants who were in one of the STRIDE target groups) or volunteered for STRIDE services, because they were likely to hear information and advice that related to the AFDC system rather than to MFIP.

In addition, because they were not in contact with MFIP case managers, the MFIP Incentives Only group members were less likely than the long-term recipients in the MFIP group to be told repeatedly about the financial advantages of working, and were more likely to be encouraged to improve their skills before looking for a job. Because there is only a relatively small flow of MFIP recipients into STRIDE offices, MFIP recipients in many locations attend the same orientation as AFDC recipients, and hear more about educational options and the value of improving their skills than about the importance of going to work immediately. The fact that they are eligible for increased work incentives is not typically highlighted, and the advice these recipients get is not necessarily tailored to their special situation. Moreover, because MFIP recipients make up only a small portion of a case manager's caseload — typically 3 or 4 out of 40 cases — some STRIDE case managers noted in field interviews that they do not always have a good grasp of the MFIP program and the way an MFIP recipient's financial situation is affected if she takes a job. Several noted that their MFIP clients had to remind them that the financial rules and incentives were different for them than for AFDC recipients. Those who volunteered for services offered by other organizations in the community also heard a different message from the one the MFIP case managers provided.

B. Participation Patterns Among Single Parents in Urban Counties

Overall, as shown in Tables 3.8 and 3.9, members of the MFIP Incentives Only group reported a high rate of participation in employment and training activities, but one that was comparable with that reported by members of the AFDC group. Most of the reported activity was provided not through STRIDE but through other organizations in the community. Given STRIDE's eligibility criteria, it is not surprising that participation in STRIDE activities increased as time on welfare increased, rising from 20 percent among the short-term recipients who participated in some activity and identified the source of the activity to 44 percent among the long-term recipients who did the same.

It is also not surprising that the participation rates of the MFIP Incentives Only group in job search, education, and training activities are almost identical to those of the AFDC group. More puzzling is the evidence that a significantly higher percentage of MFIP Incentives Only recipients (21.2 percent) than AFDC recipients (7.9 percent) participated in career workshops, since this component should have been equally accessible to the two groups. (Participation in this activity was higher among long-term recipients in the MFIP group because the MFIP program emphasized it.) The small size of the MFIP Incentives Only group cautions against placing too much importance on this finding, however.

The striking finding is that the MFIP Incentives Only Services group had an almost identical pattern of participation, overall and in individual activities, as did the AFDC group, and a pattern quite different from that of the long-term recipients in the MFIP group. This finding provides additional evidence that offering an incentive to work does not, by itself, affect the decision to participate in employment and training activities, while combining incentives with a mandate to participate in employment-focused services does.

IV. Conclusion

The information presented in this chapter indicates that the sample members who were eligible for the MFIP incentives learned and understood enough about them to make the evaluation a fair test of a strategy that seeks to raise employment and earnings among welfare recipients by increasing the pay-off to work. The analysis also makes clear that the employment and training services provided in MFIP send a stronger employment message and are more focused on moving recipients into the job market in the short run than are the services offered through STRIDE. Finally, the data suggest that coupling incentives for work with a participation mandate in a system like MFIP has a synergistic effect, in that the two components reinforce each other.

The long-term recipients in the MFIP group had the most intensive exposure to the MFIP program messages and the most encouragement to take a job. They learned enough about the incentives from their financial workers to understand that they would be better off financially if they worked, and they were likely to be encouraged by the financial worker to start thinking about work. The requirement that they participate in employment and training services provided additional opportunities to hear these messages repeated and increased participation in activities designed to move single parents relatively quickly into the job market. Sample members in this group had the highest levels of participation in employment and training activities overall, and in job search and career workshops in particular.

In contrast, offering incentives to new applicants to welfare but not requiring them to participate in employment and training activities until they have been on welfare for two years had little effect on their participation in employment and training activities in the short run. Applicants in all three major research groups showed almost identical participation patterns both overall and in individual activities. Similarly, long-term recipients in the MFIP Incentives Only group have participation patterns that match those of the AFDC group rather than those of the MFIP group. Thus, coupling financial incentives with mandatory services that were oriented toward getting a job in the short run sent a stronger message and affected participation in employment and training activities more than adding incentives to a voluntary employment and training program that had a stronger focus on education.

Chapter 4

Impacts for Single-Parent Families

This chapter presents MFIP's impacts after one-and-a-half years for single-parent families. It contains an examination of MFIP's effects on work behavior and welfare receipt and how these effects lead to changes in the income and poverty of single parents on or applying for welfare. The chapter begins with a brief overview of the findings, followed by a discussion of the data and methods used to estimate the impacts, and an outline of MFIP's expected impacts on work and welfare. The remainder of the chapter presents a detailed discussion of the findings for families in urban counties, families in rural counties, and select subgroups of single-parent families.

I. Summary of Findings

The primary goals of MFIP are to reduce poverty, to increase employment among welfare recipients, and to move recipients toward self-sufficiency by encouraging them to replace welfare with work as their primary source of income. The results presented here measure short-term effects and indicate that MFIP has shown some promise in achieving each of these goals.

MFIP has been most successful for *long-term recipients* in urban areas. The combination of incentives and mandatory services produced significant increases in earnings and a substantial reduction in poverty (i.e., an increase in total income). Although the reduction in poverty was partly due to an increase in welfare payments, by the end of the follow-up period MFIP had also increased the extent of self-sufficiency by increasing the percentage of recipients who rely on earnings as their primary source of income.

Applicants for welfare, in contrast, were given financial incentives to work but were not, during the period covered by this report, required to participate in employment services. In contrast, MFIP's financial incentives had little effect on welfare applicants' employment but did provide them with more generous welfare payments. The increase in welfare payments increased income and reduced poverty among applicant families.

This pattern of results for the short run illustrates the classic trade-off of providing financial incentives to a diverse population. The incentives encourage nonworkers to work, but also provide more benefits to those who would have worked anyway, possibly encouraging them to reduce their work effort and to stay on welfare longer than they would have otherwise. Thus, although incentives can be a powerful tool for reducing poverty, they may be costly. The results presented here indicate that, when used in combination with mandatory employment services, incentives can be an effective mechanism for increasing earnings *and* income among long-term recipients. Future reports will assess whether this combination has similar effects for applicants, once they are subject to the mandatory services.

Like their urban counterparts, long-term recipients in rural areas were provided with financial incentives to work and were required to participate in employment services. MFIP produced no lasting impacts on employment or earnings for this group, however, and it increased welfare receipt. MFIP did reduce poverty among rural, single-parent families, but primarily by providing more generous welfare payments to whose who were employed. The reasons for the lack of effects in the rural counties are not clear, but may be related to a difference in local economic conditions in these areas. Previous research on the effects of welfare-to-work programs indicates differences in the effectiveness of these programs in urban versus rural areas.[1]

Although the role of the local economy in determining the effectiveness of a program may help to explain the urban and rural impacts, it is also an important factor to keep in mind when considering MFIP's overall effects. Minnesota's economy was very strong throughout the period covered by this report, with unemployment rates in the urban counties as low as 3 percent. The local economy may interact with welfare-to-work programs in a variety of ways, suggesting that MFIP's impacts in a relatively weak economy may differ from those reported here.

II. Data and Methods

The effects of MFIP are estimated for the sample of single parents who were randomly assigned to one of the four research groups between April and December 1994. This chapter focuses on three major outcomes — employment and earnings, welfare receipt rates and payments, and income and poverty. Impacts are presented for employment and welfare receipt on a quarterly basis and for the full follow-up period, or quarters 2 through 7. Impacts on income and poverty are presented for the full follow-up period.

Data on employment and earnings are obtained from Minnesota's UI records database and provide information on quarterly earnings. Data on welfare receipt are obtained from Minnesota's benefit issuance records and provide information on the monthly receipt of MFIP benefits, AFDC, Family General Assistance, and Food Stamps. Since MFIP was designed to replace the latter three payment types, in the subsequent analyses we define welfare as the sum of payments from AFDC, Family General Assistance, Food Stamps, or MFIP.

Given that the UI earnings data are reported in calendar quarters (e.g., quarter 1 of a given year consists of earnings for January through March), these data are aligned to match the sample members' quarter of random assignment. For example, quarter 1 earnings for a person assigned in June 1994 will contain earnings for April through June and will, therefore, include pre-program earnings. For this reason, outcomes in quarter 1, or the quarter of random assignment, are not included in summary measures covering quarters 2 through 7. Welfare payments are converted to quarterly sums and aligned with the UI earnings data. Thus, welfare payments during quarter 1 will also contain pre-program payments for individuals assigned during the second or third month of a calendar quarter.

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[1] See, for example, Gueron and Pauly, 1991.

As mentioned earlier, MFIP's random assignment design allows us to estimate valid program impacts by comparing MFIP and AFDC group outcomes. A further requirement is to compare average outcomes between *all* members assigned to the MFIP group and *all* members assigned to the AFDC group. Comparing earnings among those who work will not necessarily provide an unbiased impact, because members of the MFIP group who work may differ in many ways from those in the AFDC group who work. Estimates of average earnings (or of welfare payments) will, therefore, include zeros for those members who do not work (or do not receive welfare).

III. Expected Impacts

The two separate components of MFIP, financial incentives and mandatory services, will affect an individual's behavior in distinct ways. The expected effects of mandatory employment and training services are fairly straightforward: requiring participation in these services should increase employment and earnings and reduce welfare receipt. Research on previous welfare-to-work programs suggests that mandatory employment and training programs increase employment rates and reduce welfare receipt, with the employment rate increases ranging from 10 percent to 30 percent.[2] Note that, for the follow-up period covered by this report, the mandatory services component is expected to have little effect on applicants for welfare, since they are not required to participate until they have received welfare for at least two years.

The expected effects of MFIP's financial incentives, however, are not as clear-cut. (A more detailed discussion is presented in Appendix D.) Financial incentives will essentially produce one of two effects on work behavior, depending on what an individual's work behavior would have been in the absence of these incentives. By providing welfare recipients with more income if they work, MFIP's incentives should increase employment among individuals who would not have worked in the absence of MFIP. In contrast, providing an incentive to work is expected to have little effect on a person's decision to work if that individual would have worked without such an incentive — for example, people who would have worked while receiving AFDC or who would have left AFDC to work.

In addition to affecting employment rates, MFIP may also affect hours worked. Since someone receiving MFIP can keep more of her income as her earnings increase (compared with AFDC), she may be encouraged to work more hours. Someone working 30 hours per week while receiving AFDC, in contrast, might instead choose to work fewer hours if she were receiving MFIP payments, because she could obtain the same income with less work. The net impact on hours worked depends on which of these two effects dominates.

Regarding MFIP's effects on welfare receipt, although the presumption in most welfare-to-work programs is that any employment gains will be accompanied by reductions in welfare receipt, this pattern of impacts is not expected from MFIP in the short run because of its financial incentives. In the short run, MFIP will not reduce welfare caseloads and may increase them because it is designed to allow families to combine work and welfare. Thus, if the incentives encourage people to work, welfare receipt may not decrease because these people are now able to work and continue receiving some benefits. In addition, MFIP will provide more generous benefits to people who would have worked anyway, possibly inducing them to stay on welfare longer than they would have otherwise.

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[2] Gueron and Pauly, 1991.

The effect of financial incentives on welfare caseloads illustrates the potential short-run costs of using such a policy. However, this policy is consistent with MFIP's goal of reducing poverty if more generous benefits lift families above the poverty line. In addition, increased welfare receipt is not inconsistent with MFIP's goal of moving recipients toward self-sufficiency if earnings become their primary source of income or if they eventually leave welfare.

Previous empirical evidence on the effects of providing enhanced financial incentives comes from two sources. First, nonexperimental studies of changes in the AFDC benefit reduction rate find that, on net, the two opposing effects on work offset each other, producing no increase in average work effort.[3] In other words, a slight increase in employment among ongoing recipients is offset by a decrease in work hours among individuals who now qualify for benefits because of the more generous disregard. The overall effect of MFIP on work effort will comprise these two offsetting effects. This evaluation, however, attempts to provide evidence at a more disaggregated level by looking at impacts for subgroups

Second, several demonstration programs have used financial incentives in an effort to change the work behavior of welfare recipients. Evaluations of these programs have produced mixed results. The Self-Sufficiency Project in Canada provides a generous wage subsidy to recipients who work at least 30 hours per week. Early results from the evaluation of this program found that it significantly increased employment rates.[4] The Child Assistance Program in New York, which reduces the benefit reduction rate for families receiving welfare, was also found to increase employment rates, while a similar program in Washington State, although nonexperimental, did not produce employment gains.[5] In addition, both the New York and Washington programs consisted of more than financial incentives, so that the observed effects can not be attributed solely to incentives.

Table 4.1 describes the expected short-term effects of MFIP's financial incentives and mandatory services for applicants and long-term recipients. The impact of MFIP is predicted for each group based on their expected behavior in the absence of MFIP. As it turns out, the two subgroups used throughout the report roughly correspond to the groups mentioned above — those who are less likely to have worked in the absence of MFIP, and those who would have worked anyway. As shown in Chapter 2, for example, long-term recipients are less educated and less likely than applicants to have worked during the year prior to random assignment, suggesting that they are less likely to work in the absence of MFIP. Prior research examining post-program outcomes for various subgroups indicates that most long-term recipients do not enter the work force after random assignment.[6] For this group, MFIP's financial incentives are expected to increase employment and earnings; they may also have some effect on hours worked among workers. Welfare receipt rates are expected to be higher for recipients in MFIP, since MFIP allows them to increase their earnings and still qualify for some benefits.

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[3] Moffitt, 1992.

[4] Card and Robins, 1996.

[5] See Bloom, 1997, for a review of several financial incentives programs.

[6] Friedlander, 1988,1993.

Table 4.1

MFIP's Expected Short-Term Impacts

Group/Impact	Expected Behavior in Absence of MFIP (AFDC)	Impacts of Financial Incentives Alone (MFIP Incentives Only)	Added Impacts of Mandatory Services and Reinforced Incentives Message (MFIP)
Applicants			
Employment and earnings	Most work or return to work in the short run	Little effect on employment rates; possible effect on earnings due to effect on hours worked	No effect on employment or earnings, since services are not yet mandatory
Welfare receipt	Most leave welfare in the short run	Increase in welfare receipt	No effect on welfare receipt, since services are not yet mandatory
Long-Term Recipients			
Employment and earnings	Most do not work in the short run	Increase in employment and earnings; possible effect on hours worked among workers	Increase in employment and earnings
Welfare receipt	Most continue to receive welfare	Increase in welfare receipt	Decrease in welfare receipt

Applicants for welfare are relatively more educated and much more likely than long-term recipients to have worked in the year prior to random assignment. Previous research on program impacts for subgroups indicates that many applicants would (re)enter the work force in the absence of MFIP, suggesting that MFIP's financial incentives should have little effect on employment rates.[7] The extent to which employment rates increase among applicants depends on the fraction of this group that would not have worked. As among long-term recipients, MFIP's financial incentives may affect average hours worked among workers. The financial incentives should also increase welfare receipt, since many who would not have been eligible for AFDC would be eligible for MFIP.[8]

Finally, an important part of MFIP's financial incentives is the up-front payment of child care expenses. Previous research using census data suggests that child care costs are a significant barrier to work for many low-income women.[9] This evidence is corroborated by data shown in Chapter 2, in which approximately one-half of unemployed single parents report that they "cannot arrange for child care." MFIP, by paying directly for child care costs, rather than providing reimbursements later, can be expected to increase employment rates among parents who otherwise would not have been able to cover the costs out-of-pocket.

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[7] Friedlander, 1988, 1993.

[8] Short-term recipients, who have not received welfare for long enough to face the mandatory services, lie in between the other two groups in terms of their average education and prior work experience. Although not included in Table 4.1, MFIP should have some effect on employment rates for this group, but the effects should be smaller than those for long-term recipients.

IV. Impacts for Single-Parent Families in Urban Counties

This section presents MFIP's impacts on employment, earnings, welfare receipt, and income. Impacts are estimated separately for long-term recipients and applicants.[10] Long-term recipients are discussed first since they receive the full MFIP program for the entire follow-up period. This group is also important to consider because a major issue in the new era of welfare reform is how best to help long-term recipients become self-supporting.

The impacts of the MFIP program can be estimated by comparing the difference in average outcomes between individuals randomly assigned to the MFIP group and the AFDC group. Data on employment and welfare receipt among the MFIP group, for example, provide estimates of the outcomes for those in the MFIP program but do not indicate how these outcomes would have been different in the absence of MFIP. The answer to this question requires data on outcomes for a group that is similar in all respects to the MFIP group, except that they did not participate in MFIP. Since individuals are randomly assigned to either research group, the AFDC group can serve as this counterfactual group. Thus, comparing outcomes for the MFIP group and the AFDC group provides a valid estimate of the effects of MFIP.

A. Long-Term Recipients

Table 4.2 presents summary impacts of the MFIP program in urban counties by comparing outcomes for the MFIP group and the AFDC group.[11] MFIP produced a net earnings gain of $1,041 for the follow-up period. This net increase in earnings that the MFIP group experienced, or the program impact, is measured as the difference over the six quarters of follow-up between the MFIP group's earnings of $4,912 and the AFDC group's earnings of $3,871.[12] MFIP also produced an income gain (earnings gain plus welfare gain) of $1,859, and a 13.8 percentage point reduction in the percent of families in poverty.[13] A comparison of the earnings

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[9] Bloom and Steen, 1990.

[10] Impacts for short-term recipients are presented in the tables in Appendix E.

[11] All impacts are regression adjusted to control for random differences between the research groups in baseline characteristics. Variables used to adjust the regressions include the respondent's age, sex, education, race, number and ages of children, prior welfare history, and prior employment history.

[12] Regression adjusting, or adjusting the impact estimate for random differences in individuals' baseline characteristics, changed the income impact from $805 to $1,041 and changed its level of statistical significance from 5 percent to 1 percent.

[13] Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

Table 4.2

Summary Impacts in Quarters 2-7 for MFIP and AFDC Long-Term Recipients, in Urban Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Total earnings, quarters 2-7 ($)	4,912	3,871	1,041 ***
Total welfare payments, quarters 2-7 ($)	11,074	10,256	818 ***
Total income from earnings and/or welfare payments, quarters 2-7 ($)	15,986	14,127	1,859 ***
Percent with income above poverty line	28.6	14.8	13.8 ***
Percent employed, quarter 7	52.1	37.6	14.5 ***
Percent receiving welfare, quarter 7	80.6	76.9	3.7 *
Percent with earnings as primary source of income, quarter 7	27.5	22.7	4.8 **

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

Dollar averages include zero values for members not employed or not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

and welfare impacts shows that a slight majority of the income gain came from the fact that the MFIP group had higher average earnings. Thus, by the end of the follow-up period, MFIP long-term recipients were substantially more likely to work but were also somewhat more likely to receive welfare. Despite the higher welfare receipt, however, by quarter 7, long-term recipients in MFIP were less reliant on welfare — that is, a higher fraction relied on earnings as their primary source of income.[14]

Figures 4.1 and 4.2 present MFIP's impact on quarterly employment rates and earnings. The gradual increase in employment rates and earnings for the AFDC group illustrates the natural progression into employment that would have occurred among long-term recipients in the absence of MFIP. However, employment rates increased much more rapidly among the MFIP group, for positive and statistically significant employment impacts in each of the seven quarters. One-and-a-half years after random assignment (in quarter 7), 52 percent of the MFIP group was working, compared with 38 percent of the AFDC group. Average earnings were also higher for the MFIP group in quarters 2 through 7, and the impacts in quarters 3 through 7 are statistically significant.

Figures 4.3 and 4.4 present outcomes and impacts on welfare receipt and payments. The figures show a gradual decrease in welfare receipt among the AFDC group, illustrating the typical caseload attrition that would have occurred among long-term recipients in the absence of MFIP. Receipt rates among the MFIP group also fell during quarters 1 through 7, although not as rapidly as for the AFDC group, resulting in a statistically significant increase in welfare receipt for quarters 5 through 7. Average welfare payments were also about 6 to 10 percent higher among long-term recipients in the MFIP group.

Thus, the effect of the MFIP program produced a substantial increase in employment and earnings among long-term welfare recipients. By the end of the follow-up period, long-term recipients in the MFIP group were 39 percent more likely to be working and earned 27 percent more than recipients in the AFDC group. The other effect of MFIP, however, was to increase welfare receipt. By quarter 7, the MFIP group was 5 percent more likely to be receiving welfare.

The full program impacts presented above represent the effects of a two-part approach to welfare reform — financial incentives coupled with mandatory employment and training services. A natural next step in describing MFIP's effects is to examine how each of its two components contributed to the full program impact, and the third research group allows for such an analysis. Both applicants and recipients assigned to the MFIP Incentives Only group received and were informed about MFIP's financial incentives but neither was required to participate in MFIP's employment and training component. As with the AFDC group, however, they could volunteer for STRIDE services. Thus, comparing outcomes for the MFIP Incentives Only and AFDC groups provides a clean test of the effect of MFIP's enhanced financial incentives. (See Table 2.2 for an illustration of the research group comparisons, and the question that each comparison was designed to answer.)

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[14] In estimating program impacts, we have not accounted for the additional benefits provided to working families through the Earned Income Tax Credit. Thus, the income gains reported here may be underestimated.

Figure 4.1

Quarterly Employment Rates for MFIP and AFDC Long-Term Recipients

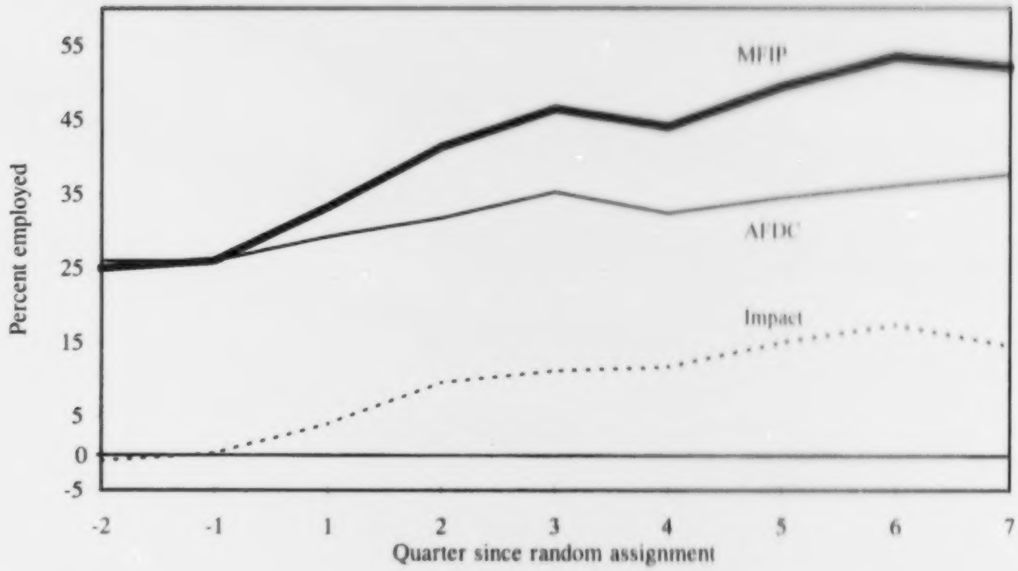
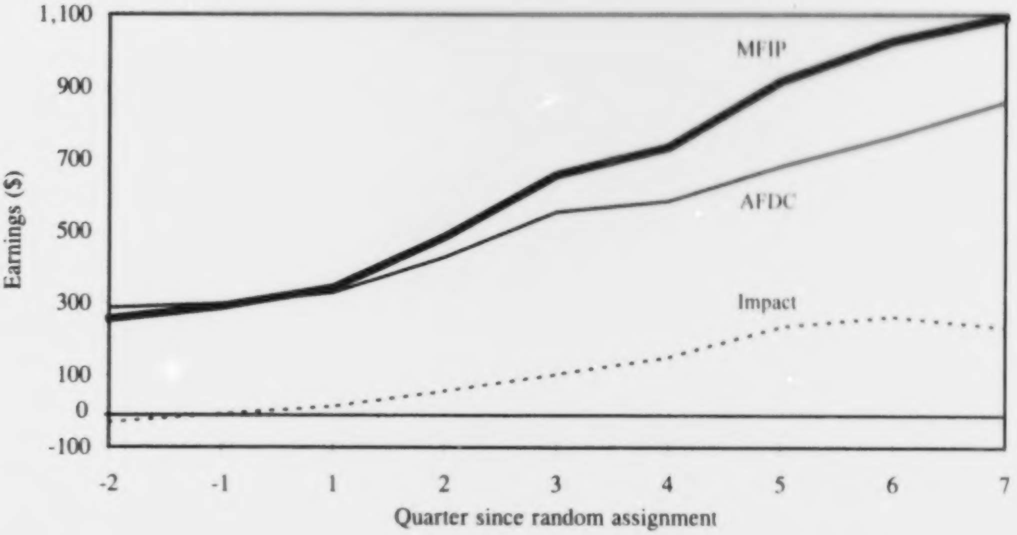


Figure 4.2

Quarterly Earnings for MFIP and AFDC Long-Term Recipients



SOURCE: See Table 4.3 for data corresponding to figures.

Figure 4.3

Quarterly Welfare Receipt for MFIP and AFDC Long-Term Recipients

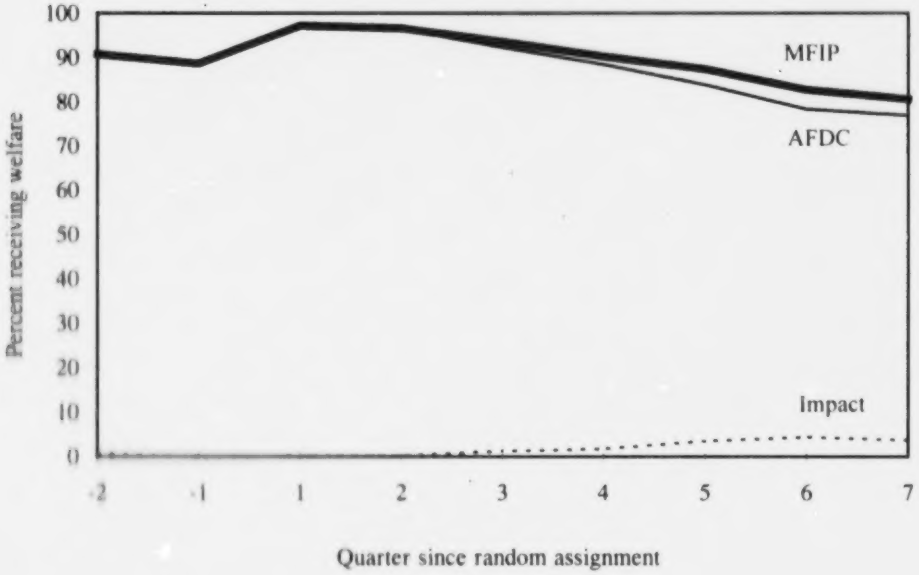
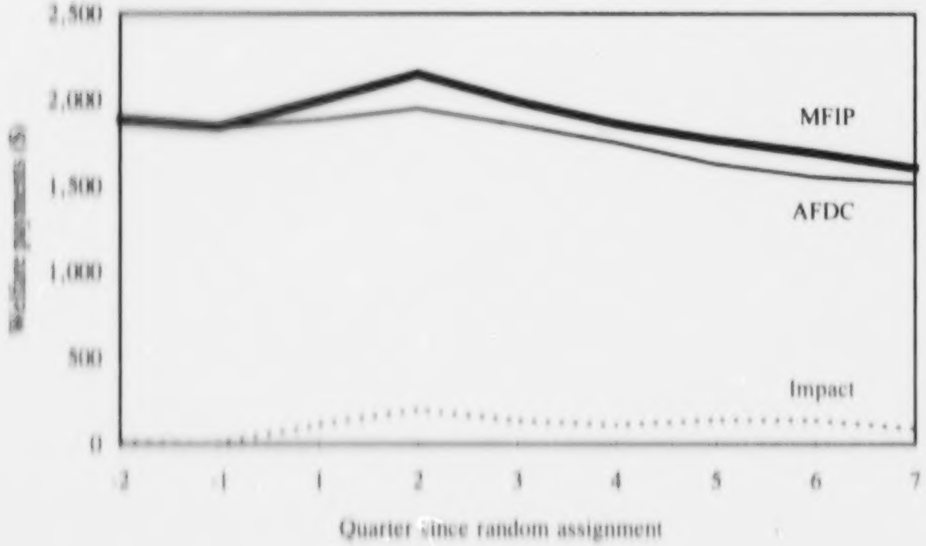


Figure 4.4

Quarterly Welfare Payments for MFIP and AFDC Long-Term Recipients



SOURCE: See Table 4.5 for data corresponding to figures.

In contrast, a comparison of outcomes for the MFIP Incentives Only group and the MFIP group, which is referred to as the *added* impact of mandatory services, relative to financial incentives alone, is a more complicated test. The MFIP group is required to participate in employment and training services, suggesting that at least some part of any difference in any outcomes is due to the mandate and provision of these services. However, employment and training services also provide an avenue to market the financial incentives and reinforce the message that work pays to MFIP group members. In contrast, members of the MFIP Incentives Only group received information from their financial workers about MFIP's financial incentives, but primarily at their intake or re-eligibility interviews. Although Chapter 3 presented evidence suggesting that both the MFIP Incentives Only and MFIP groups understood that work pays under MFIP, the MFIP group was likely to hear this message repeated by their case managers.

Thus, comparing outcomes for the MFIP and MFIP Incentives Only groups is not a clean test of the effects of mandatory employment and training services alone because some part of the impacts may be due to the fact that the financial incentives were more heavily marketed to the MFIP group. An additional and possibly more important factor to consider is that there may be interactions between the two components. As mentioned earlier, MFIP's employment and training services may be more effective when provided in the context of enhanced financial incentives. For these reasons, the impacts of adding mandatory services do not represent the impacts of these services by themselves and cannot, for example, be used to make statements about the effectiveness that mandates might have if they were coupled with the financial rules of AFDC.

Table 4.3 presents impacts on employment and earnings for the MFIP program and its two components. Average outcome levels are shown in columns 1 through 3. The full program impacts (column 4) were discussed earlier and show the significant increase in employment and earnings for the MFIP group compared with the AFDC group. The impact of MFIP's financial incentives alone is shown in columns 6 and 7. Employment rates were higher for the MFIP Incentives Only group than for the AFDC group for all quarters of follow-up. Employment rates increased relatively rapidly for the MFIP Incentives Only group in the early quarters and remained stable thereafter. Surprisingly, no significant earnings gains were associated with these employment gains. Columns 8 and 9 present the effect of adding mandatory services and reinforced incentives messages to the financial incentives. Although employment rates increased for both MFIP groups between quarters 1 and 2, they continued to increase for the MFIP group beyond quarter 2, for employment gains in later quarters. The pattern of earnings gains mirrors that of employment gains, for positive and significant earnings impacts in quarters 5 through 7.

The impacts of the separate components of MFIP suggest that financial incentives cause some recipients to enter the work force, and that these effects are realized early on, perhaps by those recipients who are better able to take advantage of the enhanced incentives.[15] The addition of mandatory services moves even more recipients into the work force, although these effects occur in later quarters. Thus, although MFIP mandatory services place added emphasis on quick

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[15] Impacts for select groups of long-term recipients are examined later in this chapter and may help to inform this issue.

Table 4.3

Impacts on Employment and Earnings for MFIP, MFIP Incentives Only, and AFDC Long-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Ever employed (%)									
Quarters 2-7	76.0	66.8	59.0	17.0 ***	28.8	7.8 ***	13.1	9.3 ***	13.9
Quarter 1	33.3	32.9	29.3	4.0 **	13.6	3.6 *	12.2	0.4	1.2
Quarter 2	41.4	39.0	31.8	9.6 ***	30.1	7.1 ***	22.4	2.5	6.3
Quarter 3	46.5	40.3	35.3	11.2 ***	31.7	5.0 **	14.2	6.2 **	15.3
Quarter 4	44.1	42.1	32.4	11.7 ***	36.1	9.7 ***	29.9	2.0	4.7
Quarter 5	49.5	41.6	34.5	15.0 ***	43.6	7.1 ***	20.6	7.9 ***	19.1
Quarter 6	53.5	42.4	36.1	17.4 ***	48.2	6.4 **	17.6	11.0 ***	26.0
Quarter 7	52.1	41.9	37.6	14.5 ***	38.7	4.3 *	11.4	10.2 ***	24.4
Average earnings ($)									
Quarters 2-7	4,912	4,029	3,871	1,041 ***	26.9	158	4.1	882 ***	21.9
Quarter 1	342	375	329	13	3.9	46	13.9	-33	-8.7
Quarter 2	484	479	428	55	12.9	50	11.8	5	1.0
Quarter 3	657	592	554	103 *	18.6	38	6.8	65	11.0
Quarter 4	734	665	584	150 **	25.8	82	14.0	69	10.3
Quarter 5	916	731	681	235 ***	34.4	49	7.2	186 ***	25.4
Quarter 6	1,028	769	764	264 ***	34.6	4	0.6	260 ***	33.8
Quarter 7	1,093	794	859	233 ***	27.1	-65	-7.6	298 ***	37.6
Sample size (total = 2,044)	676	681	687						

(continued)

Table 4.3 (continued)

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December, 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences job entry relative to the STRIDE program, their results were not immediate.[16] It should also be noted that the earnings impacts of mandatory services are averaged over all recipients, not just those who participated. Although MFIP increased participation in employment and training services, as shown in Chapter 3, participation rates for the MFIP group were about 60 percent.

Again, note that the 10.2 percentage point increase in employment rates (in quarter 7) due to the addition of mandatory services cannot be attributed solely to employment and training services, because there may be interactions between the two components or because the financial incentives are more heavily marketed in case management. It might be inferred that one or both of these factors is occurring from the fact that the employment impacts of adding MFIP's mandatory services component are above average relative to impacts typically found for other employment and training programs with a similar focus.[17]

A further look at the earnings impacts suggests that the earnings gains are due entirely to an increase in the percentage of MFIP recipients who were working. In other words, members of the MFIP group who worked during a quarter did not earn more than members of the AFDC group who worked. This can be seen by comparing earnings per quarter employed, or average earnings in a quarter divided by the percent who were employed during that quarter (not shown in Table 4.3). In quarter 7, for example, average earnings among those who worked were $2,098 ($1,093 divided by .521) for the MFIP group and $2,285 ($859 divided by .376) for the AFDC group.[18] This pattern of results, in which employment gains account for most of the gains in average earnings, is typical among previously studied welfare-to-work programs that emphasize job search rather than more intensive education and training.[19] In addition, however, average earnings among those who worked were about 9 percent *lower* for members of the MFIP group than for AFDC group members. This result may not be entirely unexpected, given that MFIP's financial incentives encourage part-time more than full-time work. MFIP case managers also emphasized to their clients the importance of obtaining part-time work if full-time work was not possible. Table 4.4 presents an attempt to explain the lower earnings among the MFIP groups.

Panel 1 of Table 4.4 presents an analysis of average hours worked for a sample of recipients who responded to the 12-month client survey. The 12-month survey was administered to a subsample of individuals randomly assigned from September 1, 1994, to December 31, 1994. Respondents were asked about the average number of hours worked per week during the prior month or, if not currently employed, during the final four weeks of their last job. Impacts are presented only for the full MFIP program, given the small sample size of the MFIP Incentives Only group. The results indicate that MFIP did have an impact on working hours. The positive impact of 17 percentage points on employment during the year (as shown by the percent who worked no hours) is almost entirely due to an increase in the percent of MFIP group members who worked 20 to 34 hours per week. Members of the MFIP group were also

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[16] Field research indicates that MFIP services have become more employment-focused over time, suggesting that the timing of employment effects may be different for later cohorts.

[17] See Gueron and Pauly, 1991, for a review.

[18] These estimates of earnings per quarter employed are nonexperimental and cannot be considered as reliable as the other estimates.

[19] Friedlander and Burtless, 1995.

Table 4.4

Impacts on Hours Worked, Wage Rates, and Job Mobility for MFIP and AFDC Long-Term Recipients, in Urban Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Percentage Change
1. Experimental estimates for all respondents				
Did not work (%)	35.5	52.7	-17.2 ***	-32.6
Worked 1-19 hours per week (%)	10.9	7.9	3.0	38.0
Worked 20-34 hours per week (%)	27.9	14.8	13.1 ***	88.5
Worked 35+ hours per week (%)	25.6	24.5	1.1	4.5
Average hours worked per week	19.7	14.9	4.9 **	32.9
Sample size (total = 263)	137	126		
2. Nonexperimental estimates for respondents who worked after random assignment				
Average hours worked per week	*31.2*	*30.5*	*0.7*	*2.3*
Average hourly wage ($)	*6.55*	*6.38*	*0.17*	*2.7*
Percent who held at least two jobs since random assignment (%)	*41.1*	*31.7*	*9.4*	*29.7*
Sample size (total = 142)	*86*	*56*		

SOURCE: MDRC calculations using data from 12-month client survey.

NOTES: Hours of work are calculated using a survey question that asked respondents about the average number of hours worked per week during the last month or, if not currently employed, during the final four weeks of their last-held job. Respondents who had not worked since random assignment are coded as working 0 hours per week.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Estimates in panel 2 are calculated for 12-month survey respondents who reported some employment during the 12 months following random assignment. Tests of statistical significance were not performed for these nonexperimental estimates.

somewhat more likely to work fewer than 20 hours, although this difference is not statistically significant.

Further analyses revealed that this effect on the distribution of hours worked was primarily driven by an increase in the proportion of MFIP recipients who worked 30 hours per week. The large concentration of workers at 30 hours may be caused by MFIP's financial incentives but may also be due to the fact that recipients working at least 30 hours per week (20 hours for those with children under age 6) are exempt from participating in mandatory services. Finally, the last row of panel 1 indicates that, despite MFIP's impact on the distribution of hours worked, the increase in employment for the MFIP group gave rise to an increase in average hours worked of 4.9 per week (when averaged across workers and nonworkers).

The first row of panel 2 presents average hours worked per week among those who worked in the year after random assignment. Although the results in panel 1 indicate that the increase in employment was due to an increase in those working 20–34 hours per week, *on average* hours worked among workers were no different for the two research groups. Those in the MFIP group who worked during the year worked an average of 31.2 hours per week, and AFDC group members worked 30.5 hours per week. Note that these estimates are nonexperimental and should not be considered as reliable as the other estimates in describing the program's effects.[20] For this reason, they are not tested for statistical significance. Nevertheless, the fact that average hours worked among workers are similar for both groups suggests that a reduction in hours worked cannot explain the lower earnings among workers for the MFIP group.[21]

In an attempt to explain the earnings differences, two additional labor market outcomes are examined: wage rates and job mobility. The second row of panel 2 presents average hourly wage rates for workers, indicating that wages for the MFIP group were on a par with those for the AFDC group.[22] However, MFIP group members are more likely than AFDC group members to have held at least two jobs (nonconcurrently) during the 12 months after random assignment (see the third row of panel 2), suggesting that this group has somewhat higher rates of job turnover. With their focus on quick employment, MFIP case managers may encourage higher turnover by discouraging participants from being selective about employment opportunities. Being less selective will most likely lead to higher turnover, as MFIP group members shop around for better jobs.[23]

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[20] Estimating impacts for all respondents who were randomly assigned ensures that there are no systematic differences between research groups. If the sample is restricted to those who worked after random assignment, MFIP group members who obtained jobs may differ in many ways from AFDC group members who obtained jobs.

[21] Earnings per quarter employed are also lower for the MFIP group when the sample is restricted to the survey subsample.

[22] The MFIP-AFDC earnings differential may arise because MFIP increases employment, with the result that AFDC recipients who obtain employment are more skilled than MFIP recipients who obtained employment with the aid of MFIP. The fact that wage rates are similar for both groups suggests that this is not an important factor.

[23] The MFIP "two-month bonus" may also encourage turnover, since earned income is not counted in the benefit formula for the first two months of employment.

Table 4.5 presents impacts on welfare receipt for the MFIP program and its two components. Average outcome levels are shown in columns 1 through 3. The full program impacts (column 4), shown earlier, indicate that the AFDC group left welfare somewhat more rapidly than the MFIP group. Columns 6 and 8 present impacts of financial incentives alone and those due to the addition of mandatory services and reinforced incentive messages, respectively.

Over the seven quarters of follow-up, the AFDC group members left welfare somewhat more rapidly than either MFIP group. By quarter 7, 85 percent of the MFIP Incentives Only group received welfare, compared with 81 percent of the MFIP group and 77 percent of the AFDC group. A comparison of columns 6 and 8 in Table 4.6 indicates that the increase in welfare receipt from the full program can be attributed solely to financial incentives. The effect of adding mandatory services to financial incentives is to reduce welfare payments from what they would have been with financial incentives alone; by quarter 4, the MFIP group received significantly lower average payments than the MFIP Incentives Only group.

To summarize, the results indicate that MFIP had fairly sizeable impacts on employment among long-term recipients. By the last quarter of follow-up, the employment rate for the MFIP group was nearly 40 percent higher than for the AFDC group. In addition, although providing financial incentives increased employment in all quarters, most of the employment impacts in the later quarters, and all of the earnings impacts, arose from adding mandatory services and reinforced incentives messages to the financial incentives. The increase in employment, however, was not accompanied by a reduction in welfare receipt: members of both MFIP groups were more likely to receive welfare in all quarters. This pattern of welfare impacts, in turn, was primarily due to MFIP's financial incentives. The more generous disregard allowed recipients more opportunity to combine work and welfare. Finally, workers in the MFIP group had lower earnings than workers in the AFDC group. An examination of additional outcomes suggested that these earnings differences may not be due to differences in hours worked per week, but are possibly due to higher rates of job turnover for the MFIP group.

Two of MFIP's major goals were to make families better off when they work and to increase their extent of self-sufficiency, or the percent of these families for whom earnings is their primary source of income. As shown in Table 4.6, MFIP was successful in meeting both of these goals for long-term recipients. Column 4 indicates that families in the MFIP group had higher average incomes (earnings plus welfare) than families in the AFDC group ($15,986 compared with $14,127), and they were significantly less likely to be in poverty; 85 percent of the AFDC families had incomes below the poverty line, compared with 71 percent of families in the MFIP group.[24] Although most of the reduction in poverty was achieved by moving participants from 50–100 percent of poverty to above poverty, MFIP also reduced the incidence of "severe" poverty, or the percent of families with incomes below 50 percent of the poverty line.

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[24] Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

Table 4.5

Impacts on Welfare Receipt for MFIP, MFIP Incentives Only, and AFDC Long-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Ever received welfare (%)									
Quarters 2-7	98.2	97.6	97.5	0.7	0.8	0.1	0.1	0.6	0.7
Quarter 1	97.2	97.9	97.1	0.2	0.2	0.9	0.9	-0.7	-0.7
Quarter 2	96.6	97.1	96.5	0.1	0.1	0.6	0.6	-0.5	-0.5
Quarter 3	93.6	94.6	92.3	1.3	1.4	2.3 *	2.5	-1.0	-1.0
Quarter 4	90.3	91.1	88.5	1.8	2.0	2.6 *	2.9	-0.8	-0.9
Quarter 5	87.4	88.9	83.9	3.4 *	4.1	5.0 ***	5.9	-1.5	-1.7
Quarter 6	82.7	86.9	78.3	4.4 **	5.6	8.6 ***	11.0	-4.2 **	-4.8
Quarter 7	80.6	84.6	76.9	3.7 *	4.8	7.7 ***	10.0	-4.0 *	-4.7
Welfare payments ($)									
Quarters 2-7	11,074	11,728	10,256	818 ***	8.0	1,472 ***	14.4	-654 ***	-5.6
Quarter 1	1,997	1,968	1,883	114 ***	6.0	85 ***	4.5	29	1.5
Quarter 2	2,152	2,159	1,951	201 ***	10.3	208 ***	10.7	-7	-0.3
Quarter 3	1,993	2,029	1,857	136 ***	7.3	172 ***	9.3	-36	-1.8
Quarter 4	1,864	1,965	1,753	111 ***	6.4	213 ***	12.1	-101 **	-5.2
Quarter 5	1,769	1,889	1,628	141 ***	8.7	261 ***	16.0	-120 **	-6.4
Quarter 6	1,691	1,859	1,553	138 ***	8.9	307 ***	19.8	-168 ***	-9.1
Quarter 7	1,605	1,827	1,516	90 *	5.9	311 ***	20.5	-222 ***	-12.1
Sample size (total = 2,044)	676	681	687						

(continued)

Table 4.5 (continued)

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 4.6

Impacts on Income and Poverty for MFIP, MFIP Incentives Only, and AFDC Long-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Income and poverty (qtrs 2-7)									
Measured income from earnings and/or welfare	15,986	15,758	14,127	1,859 ***	13.2	1,630 ***	11.5	228	1.4
Percent with income below the poverty line	71.4	75.7	85.2	-13.8 ***	-16.2	-9.5 ***	-11.1	-4.3 **	-5.7
Percent with income 50 to 100 percent of the poverty line	59.4	66.1	69.7	-10.3 ***	-14.8	-3.6	-5.2	-6.7 ***	-10.1
Percent with income below 50 percent of the poverty line	12.0	9.6	15.6	-3.6 **	-23.1	-6.0 ***	-38.5	2.4	25.0
Income sources (qtr 7)									
Percent with earnings exceeding welfare receipt	27.5	19.3	22.7	4.8 **	21.1	-3.4	-15.0	8.2 ***	42.5
Percent with no earnings and no welfare	9.7	7.9	11.1	-1.4	-12.6	-3.2 **	-28.8	1.8	22.8
Percent with no earnings and some welfare	38.1	50.2	51.3	-13.2 ***	-25.7	-1.0	-1.9	-12.1 ***	-24.1

(continued)

Table 4.6 (continued)

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Income sources (qtr 7)									
Percent with earnings and no welfare	9.7	7.5	12.0	-2.3	-19.2	-4.4 ***	-36.7	2.1	28.0
Percent with earnings and welfare	42.5	34.3	25.6	16.9 ***	66.0	8.7 ***	34.0	8.1 ***	23.6
Sample size (total = 2,044)	676	681	687						

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Columns 6 and 8 show that both MFIP groups had higher average incomes than the AFDC group, and both were also less likely to have income below the poverty line.[25] However, these results, coupled with the earlier results, indicate that the MFIP group achieved higher income through a combination of higher earnings and welfare payments, while the MFIP Incentives Only group achieved higher income through higher welfare payments.

The bottom rows of Table 4.6 present MFIP's impacts on self-sufficiency. By quarter 7, earnings made up the primary source of income (row 5) for 27.5 percent of the MFIP group, compared with only 22.7 percent of the AFDC group. Moreover, this impact is entirely a result of adding mandatory services to financial incentives, since the effect of financial incentives alone (see column 6) was to reduce the percentage with earnings exceeding welfare. The increase in self-sufficiency can also be seen in row 7, in which MFIP group members were less likely than AFDC group members to receive welfare and have no earned income. The increase in the percent with earnings is largely explained by an increase in the percent who combined welfare and work (row 9).

B. Applicants

This section examines the effect of MFIP on single parents who are new applicants for AFDC. MFIP's impact on work is expected to arise primarily from the basic information provided to applicants about the financial incentives, since employment and training services do not become mandatory until the single-parent applicant has received welfare for 24 months — and no applicants reach that point within the seven-quarter follow-up period.

Table 4.7 presents summary impacts for the MFIP program for applicants in urban counties. Members of the MFIP group were more likely to receive welfare than were members of the AFDC group by quarter 7, and they received $1,433 more in welfare payments during quarters 2 through 7. Although families in the MFIP group were more likely to be working in quarter 7, their earnings over the follow-up period were somewhat lower; however, neither of these differences is statistically significant.[26] Thus, the income gain of $909 was due entirely to an increase in welfare payments and resulted in a 4.6 percentage point reduction in poverty rates. Note that the reduction in earnings, although statistically insignificant, suggests that, on average, a $1 increase in government spending on welfare payments increased the income of applicants by less than $1.

Figures 4.5 and 4.6 present outcomes and impacts for employment and earnings. Both employment rates and average earnings dropped from quarter 1 to quarter 2, showing a typical pattern among new applicants for welfare. As noted earlier, data in quarter 1 contain some pre-program outcomes for individuals assigned in the later months of a quarter. For this reason, the drop in employment that accompanies the decision to apply for welfare is observed in these data in both quarters 1 and 2.

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[25] MFIP's financial incentives allow families to continue receiving benefits while working, until their income reaches 140 percent of the poverty level.

[26] Adjusting the impact estimate for random differences in individuals' baseline characteristics changed the estimate from –$220 to –$524 and did not change its level of statistical significance.

Table 4.7

Summary Impacts in Quarters 2-7 for MFIP and AFDC Applicants, in Urban Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Total earnings, quarters 2-7 ($)	7,912	8,436	-524
Total welfare payments, quarters 2-7 ($)	6,688	5,255	1,433 ***
Total income from earnings and/or welfare payments, quarters 2-7 ($)	14,600	13,691	909 **
Percent with income above poverty line	32.5	27.9	4.6 **
Percent employed, quarter 7	56.6	53.3	3.2
Percent receiving welfare, quarter 7	53.0	45.0	8.0 ***
Percent with earnings as primary source of income, quarter 7	43.0	45.6	-2.6

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned between April 1, 1994 and December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not employed or not receiving welfare.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2 7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Figure 4.5

Quarterly Employment Rates for MFIP and AFDC Applicants

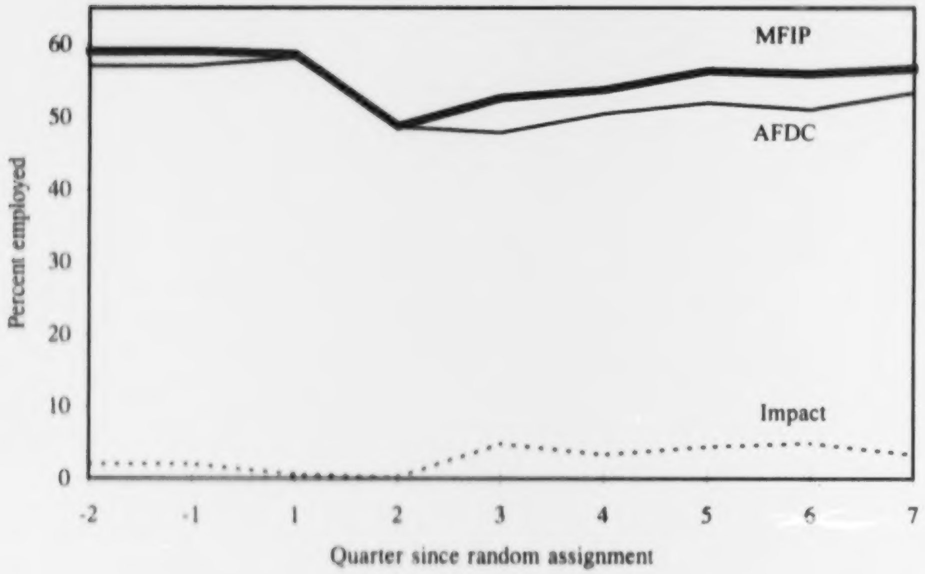
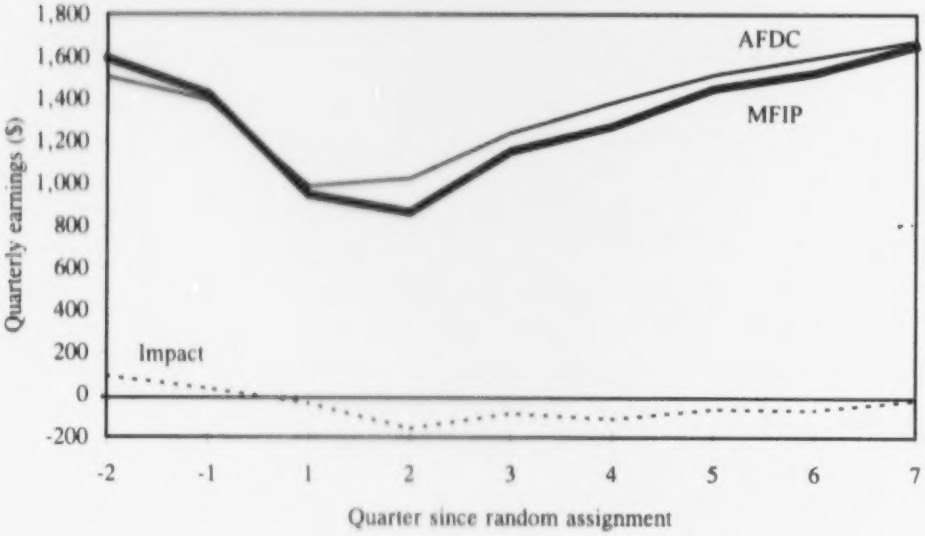


Figure 4.6

Quarterly Earnings for MFIP and AFDC Applicants



SOURCE: See Table 4.8 for data corresponding to figure.

As expected, employment rates — nearly 60 percent in the quarters before random assignment — are much higher among applicants than among long-term recipients. After falling in quarter 2, employment rates and earnings rebounded slowly over the seven quarters for the AFDC group members. Employment rates increased more rapidly in quarter 3 for the MFIP group, for positive and significant employment impacts in quarters 3, 5, and 6. The impacts are not consistently significant and are much smaller in size than those for long-term recipients. Despite the small increase in employment rates, average earnings were lower for the MFIP group, with a statistically significant difference in quarter 2.

Figures 4.7 and 4.8 present outcomes and impacts for welfare receipt and average payments. Figure 4.7 illustrates the typical caseload dynamics among applicants, as shown by receipt rates among AFDC group members, that would have occurred in the absence of MFIP. The pattern is consistent with the idea that many new applicants use welfare as temporary assistance; by the end of follow-up, less than half of the applicant AFDC families were still receiving benefits. MFIP group members were more likely than members of the AFDC group to receive welfare in each of the seven quarters. By quarter 7, 53 percent of the MFIP group and 45 percent of the AFDC group received welfare, for an impact of 8 percentage points. Average welfare payments are also higher for the MFIP group in all quarters.

Although these impacts appear to be entirely due to the fact that a greater percentage of the MFIP group (82.5 percent) qualified for benefits in the quarter of random assignment, additional analyses suggested otherwise.[27] When the impacts were adjusted for welfare receipt differences in quarter 1 (not reported), members of the MFIP group were still 6 percentage points more likely to receive welfare by quarter 7. This difference implies that higher initial receipt rates account for about one-fourth of the quarter 7 welfare impact, while the remaining impact is due to longer welfare spells or higher rates of recidivism. Further analyses (not reported) of caseload dynamics indicated that MFIP group members who qualified for welfare in quarter 1 stayed on welfare for more consecutive quarters than their AFDC counterparts.

Since most applicants did not become eligible for mandatory services during the seven quarters of follow-up, MFIP's mandatory services component was expected to have little or no effect on this group. Nevertheless, the existence of an impending mandate may have an effect on behavior, especially as the mandate approaches. For example, an individual who knows that she will be required to participate in employment services in six months if she is not working may be encouraged to obtain employment sooner than she would have otherwise. Disaggregating the full program impact will indicate whether such an effect exists.

Table 4.8 presents outcomes and impacts for the three major research groups. Column 6 presents the impacts due to financial incentives, comparing outcomes for the MFIP Incentives Only and AFDC groups. With the exception of quarter 1, employment rates were somewhat higher throughout most of the period for the MFIP Incentives Only group compared with the

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[27] Although the application process was designed by the state to accept similar numbers of experimental and control group members, 75 percent of MFIP group members received benefits in month 1, compared with only 66 percent of AFDC group members. An examination of several individual cases did not point to any one reason for the different acceptance rates.

Figure 4.7

Quarterly Welfare Receipt for MFIP and AFDC Applicants

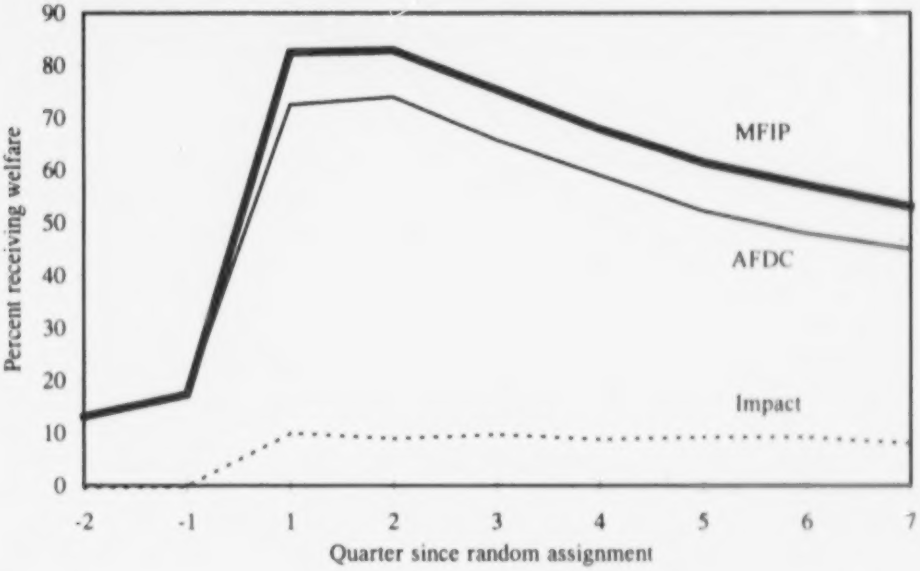
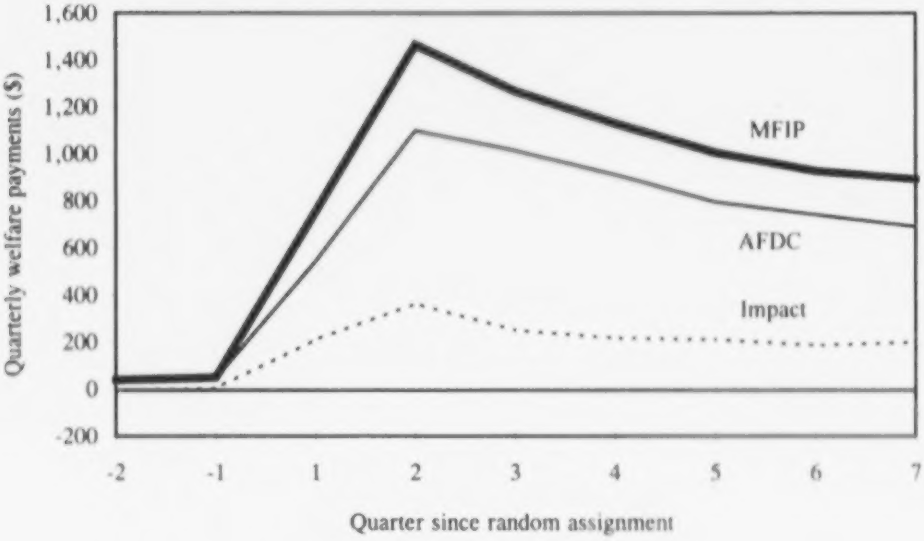


Figure 4.8

Quarterly Welfare Payments for MFIP and AFDC Applicants



SOURCE: See Table 4.10 for data corresponding to figure.

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Table 4.8

Impacts on Employment and Earnings for MFIP, MFIP Incentives Only, and AFDC Applicants, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Ever employed (%)									
Quarters 2-7	78.1	73.8	73.2	4.9 ***	6.7	0.6	0.8	4.3	5.8
Quarter 1	58.6	53.8	58.1	0.6	1.0	-4.3	-7.4	4.8 *	9.0
Quarter 2	48.7	50.0	48.6	0.1	0.3	1.4	2.9	-1.3	-2.5
Quarter 3	52.6	51.6	47.8	4.8 **	10.0	3.8	7.9	1.0	1.9
Quarter 4	53.7	53.2	50.4	3.2	6.4	2.8	5.5	0.5	0.9
Quarter 5	56.3	53.8	51.9	4.4 **	8.5	1.9	3.6	2.5	4.7
Quarter 6	55.9	53.3	51.0	5.0 **	9.7	2.3	4.6	2.6	5.0
Quarter 7	56.6	53.8	53.3	3.2	6.0	0.4	0.8	2.8	5.2
Average earnings ($)									
Quarters 2-7	7,912	7,638	8,436	-524	-6.2	-798	-9.5	273	3.6
Quarter 1	947	906	987	-40	-4.1	-81	-8.2	41	4.6
Quarter 2	861	913	1,024	-163 ***	-15.9	-111	-10.8	-52	-5.7
Quarter 3	1,154	1,155	1,241	-87	-7.0	-86	-7.0	0	0.0
Quarter 4	1,271	1,252	1,384	-113	-8.2	-132	-9.5	19	1.5
Quarter 5	1,449	1,338	1,516	-66	-4.4	-178	-11.8	112	8.3
Quarter 6	1,524	1,453	1,595	-71	-4.4	-142	-8.9	71	4.9
Quarter 7	1,651	1,527	1,676	-25	-1.5	-149	-8.9	124	8.1
Sample size (total = 2,374)	1,045	276	1,053						

(continued)

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Table 4.8 (continued)

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

AFDC group, while earnings were generally lower. None of these impacts is statistically significant. The results also indicate that the negative earnings impact of the full MFIP program, although statistically insignificant, can be attributed entirely to the effects of financial incentives, perhaps through their effect on average hours worked. The effect of adding mandatory services to the financial incentives was to increase employment rates and earnings, although none of these impacts is statistically significant.

A comparison of Tables 4.3 and 4.8 (column 6) indicates that the employment impacts of financial incentives are much smaller for applicants than for long-term recipients. As noted earlier, the most likely explanation for this difference is that the majority of applicants would have worked in the absence of the financial incentives; 53 percent of the AFDC group was working by quarter 7. The fact that labor force participation rates in the United States in 1993 for single and previously married women with children were 54 percent and 72 percent, respectively, suggests that there is not much room for improvement in employment rates among applicants. However, the fact that the financial incentives created positive, although insignificant, employment impacts suggests that some fraction of this group may not have worked in the absence of MFIP. An alternative explanation for the smaller impacts for applicants is that the marketing of the incentives is important to their effectiveness, and no applicants have participated in mandatory services, in which these incentives are more heavily marketed.

The reduction in earnings, although not statistically significant, is consistent with the idea that individuals who are working might reduce their work effort when provided with MFIP's more generous benefits. The fact that more MFIP group members received welfare may also have contributed to the decrease in work effort, since more of the MFIP group faced the work disincentive inherent in any transfer program.

Table 4.9 presents outcomes for hours worked, wage rates, and job mobility for applicants in the MFIP group and those in the AFDC group. Panel 1 presents the distribution of hours worked per week among all applicant respondents. One point to note about the numbers in this table is that the percent who worked zero hours since random assignment is the same for both groups, in contrast to the positive employment effects of MFIP shown in Table 4.8. The "hours worked" outcomes differ from the employment outcomes in two ways. First, the 12-month survey was administered to a subsample of members randomly assigned from September 1, 1994, to December 31, 1994. Thus, it is only a subsample of the report sample for which employment impacts are estimated.[28] Second, estimates of hours worked are based on self-reports, while the employment information comes from administrative records. The reason for the slight discrepancy in employment reported by respondents and that calculated from the UI data is not clear.

The distribution of hours worked indicates that MFIP group members were more likely to work 20 to 34 hours per week — 26.3 percent compared with 18.7 percent for the AFDC group. In addition, the increase in part-time employment came primarily from a decrease in the percent

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[28] Employment impacts estimated for this subsample using administrative records data (not reported) indicate a positive, but not statistically significant, impact for employment in year one — 74.0 percent for the MFIP group versus 71.5 percent for the AFDC group.

Table 4.9

Impacts on Hours Worked, Wage Rates, and Job Mobility for MFIP and AFDC Applicants, in Urban Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Percentage Change
1. Experimental estimates for all respondents				
Did not work (%)	28.1	28.2	-0.2	-0.7
Worked 1-19 hours per week (%)	9.1	11.8	-2.8	-23.7
Worked 20-34 hours per week (%)	26.3	18.7	7.6 *	40.6
Worked 35+ hours per week (%)	36.6	41.2	-4.6	-11.2
Average hours worked per week	23.9	25.4	-1.5	-5.9
Sample size (total = 405)	213	192		
2. Nonexperimental estimates for respondents who worked after random assignment				
Average hours worked per week	*33.2*	*35.5*	*-2.3*	*-6.5*
Average hourly wage ($)	*7.65*	*7.93*	*-0.27*	*-3.4*
Percent who held at least two jobs since random assignment	*40.4*	*43.6*	*-3.2*	*-7.3*
Sample size (total = 273)	*153*	*120*		

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Hours of work are calculated using a survey question that asked respondents about the average number of hours worked per week during the last month or, if not currently employed, during the final four weeks of their last held job. Respondents who had not worked since random assignment are coded as working zero (0) hours per week.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Estimates in panel 2 are calculated for 12-month survey respondents who reported some employment during the 12 months following random assignment. Tests of statistical significance were not performed for these nonexperimental estimates.

working full-time, although the latter impact is not statistically significant. Further analyses revealed that, unlike the scenario for long-term recipients, the increase in the percent working 20–34 hours was due primarily to an increase in the proportion of this group who worked 20 hours per week. The net effect of the change in hours worked gives rise to a small but statistically insignificant reduction in average hours worked (23.9 versus 25.4).

Panel 2 of Table 4.9 presents nonexperimental estimates. Members of the MFIP group who worked after random assignment worked about two hours less per week than AFDC group members. In addition, the MFIP group earned slightly lower wages than the AFDC group. Although these differences in hours and wages do not seem large on an hourly or weekly basis, they could account for a significant portion of the differences in earnings per quarter employed between the MFIP and AFDC groups.[29] Finally, the last row of panel 2 suggests that differences in number of jobs held are not the cause of earnings differences for applicants.

Table 4.10 presents impacts on welfare receipt. Those in the MFIP group were more likely to receive welfare in each of the seven quarters, and they received higher average payments in every quarter. A look at columns 6 and 8 indicates that all of the full MFIP program impacts on welfare receipt are due to providing financial incentives alone. It is not surprising that for this group, the effects of adding case management to the financial incentives is minimal, since no applicants were required to participate through quarter 7.

In sum, MFIP produced modest gains in employment among applicants in the short term. MFIP group members were somewhat more likely to work, but they earned less on average. Data on wage rates and hours worked suggest that the earnings differences may be due to a slight reduction in hours worked among those in the MFIP group or to lower average hourly wages for the MFIP group. In contrast to the employment effects, MFIP produced a sizeable increase in welfare payments. Future reports, based on observations of some applicants who become subject to the employment and training mandates, will examine whether the addition of mandatory services to financial incentives produces employment and earnings gains.

Although MFIP did not produce earnings gains for applicants in the short run, it did increase income and reduce poverty. Table 4.11 presents impacts on income, poverty, and self-sufficiency. Income during the follow-up period averaged $14,600 for MFIP group members and $13,691 for AFDC group members, for a positive impact of $909. This income gain was achieved entirely through higher welfare payments, since earnings for the MFIP group were lower in all quarters. MFIP also produced a 6.3 percent reduction in poverty (67.5 percent of MFIP applicants were below the poverty line compared with 72.1 percent for AFDC applicants), and this gain was achieved primarily by increasing income for families with incomes below 50 percent of the poverty line.

MFIP did not increase self-reliance among applicants, as measured by the percent with earnings as their primary source of income. As among long-term recipients, MFIP group members were more likely than AFDC group members to combine work and welfare (27 percent

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[29] A two-hour difference per week, for example, would imply a $180 earnings difference if the wage rate were $7.50 (24 x $7.50).

Table 4.10

Impacts on Welfare Receipt for MFIP, MFIP Incentives Only, and AFDC Applicants, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Ever received welfare (%)									
Quarters 2-7	86.3	85.5	79.3	7.0 ***	8.8	6.2 **	7.8	0.8	1.0
Quarter 1	82.5	81.5	72.5	9.9 ***	13.7	9.0 ***	12.4	0.9	1.3
Quarter 2	82.9	83.3	74.0	8.9 ***	12.0	9.4 ***	12.7	-0.5	-0.7
Quarter 3	75.4	73.3	65.7	9.7 ***	14.8	7.6 ***	11.6	2.1	3.2
Quarter 4	67.8	67.6	59.0	8.8 ***	14.9	8.6 ***	14.6	0.2	0.3
Quarter 5	61.4	62.5	52.2	9.2 ***	17.6	10.3 ***	19.8	-1.1	-2.2
Quarter 6	57.1	57.2	47.9	9.2 ***	19.2	9.3 ***	19.3	-0.1	-0.1
Quarter 7	53.0	54.7	45.0	8.0 ***	17.8	9.7 ***	21.6	-1.7	-3.8
Welfare payments ($)									
Quarters 2-7	6,688	6,741	5,255	1,433 ***	27.3	1,486 ***	28.3	-53	-1.0
Quarter 1	755	740	544	212 ***	38.9	196 ***	36.1	15	2.8
Quarter 2	1,465	1,433	1,100	365 ***	33.2	333 ***	30.3	32	2.9
Quarter 3	1,267	1,244	1,015	252 ***	24.9	229 ***	22.5	23	2.3
Quarter 4	1,130	1,133	912	217 ***	23.8	221 ***	24.3	-4	-0.4
Quarter 5	1,006	1,014	795	211 ***	26.5	219 ***	27.6	-8	-1.0
Quarter 6	928	986	741	186 ***	25.1	245 ***	33.0	-59	-7.9
Quarter 7	892	930	691	201 ***	29.1	239 ***	34.6	-38	-5.5
Sample size (total = 2,374)	1,045	276	1,053						

(continued)

Table 4.10 (continued)

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 4.11

Impacts on Income and Poverty for MFIP, MFIP Incentives Only, and AFDC Applicants, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Income and poverty (qtrs 2-7)									
Measured income from earnings and/or welfare ($)	14,600	14,379	13,691	909 **	6.6	689	5.0	221	1.5
Percent with income below the poverty line	67.5	66.3	72.1	-4.6 **	-6.3	-5.8 **	-8.0	1.2	1.8
Percent with income 50 to 100 percent of the poverty line	45.5	45.8	46.8	-1.3	-2.8	-1.0	-2.1	-0.3	-0.7
Percent with income below 50 percent of the poverty line	21.9	20.5	25.3	-3.4 **	-13.4	-4.8 *	-19.0	1.4	6.8
Income sources (qtr 7)									
Percent with earnings exceeding welfare receipt	43.0	39.7	45.6	-2.6	-5.7	-5.9 *	-12.9	3.3	8.3
Percent with no earnings and no welfare	17.8	19.1	18.1	-0.3	-1.7	1.1	6.1	-1.4	-7.3
Percent with no earnings and some welfare	25.7	27.1	28.6	-2.9	-10.1	-1.5	-5.2	-1.4	-5.2

(continued)

Table 4.11 (continued)

	Average Outcome Levels			MFIP vs. AFDC		MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Percentage Change (5)	Impacts of Financial Incentives Alone (6)	Percentage Change (7)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (8)	Percentage Change (9)
Income sources (qtr 7)									
Percent with earnings and no welfare	29.2	26.2	37.0	-7.8 ***	-21.1	-10.8 ***	-29.2	3.0	11.5
Percent with earnings and welfare	27.3	27.6	16.4	10.9 ***	66.5	11.2 ***	68.3	-0.2	-0.7
Sample size (total = 2,374)	1,045	276	1,053						

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

versus 16 percent). However, for long-term recipients this increase in combining work and welfare came about from an increase in work, whereas for applicants it came about primarily from an increase in welfare receipt.

V. Impacts for Single Parents in Rural Counties

In the rural counties of Mille Lacs, Morrison, Sherburne, and Todd, sample members were assigned either to the MFIP group or the AFDC group, providing a test of the full program impact. Since the sample sizes for the rural applicant group are very small, impacts are presented only for long-term recipients. Impacts for a larger sample of rural applicants will be presented in a later report that uses the full research sample.

The impacts in rural counties may differ from those in the urban counties for several reasons. First, the baseline characteristics of sample members, such as education and prior work experience, may differ between rural and urban areas. Second, the rural and urban economies may differ. A look at some fairly broad indicators suggests that the labor markets were different in these rural counties. Unemployment rates in the rural counties in 1994, although not above the national average, were twice as high as those in the urban counties (6.3 versus 3.3). Additionally, the employment mix differs, with implications for the types of jobs available to less educated workers. Todd and Morrison counties, for example, have a relatively high concentration of employment in agriculture. Also, although Anoka County has the highest concentration of jobs in manufacturing (24 percent), the rural counties generally have a higher fraction of jobs in this sector, compared with Hennepin and Dakota counties.[30] Average wage rates are also lower in the rural areas, which may make rural families more likely to qualify for welfare benefits when working.[31]

Table 4.12 presents impacts on employment and earnings for rural, long-term recipients. The sample sizes on which these impacts are based are fairly small; therefore, the results should be interpreted with caution. Employment rates increased more rapidly for the MFIP group, for employment impacts in quarters 2 through 5. By the end of the follow-up period, however, employment among the AFDC group increased, and the employment differences became statistically insignificant. Earnings were higher for the MFIP group in the early quarters, but this difference also did not persist.

Thus, employment impacts for long-term recipients in rural counties were smaller than those found in urban counties, evidently because long-term recipients in rural counties were more likely to find jobs on their own, as shown by the behavior of the AFDC group. By quarter 7, 44 percent of rural AFDC group members were working, compared with 38 percent of urban AFDC group members. As indicated in Appendix A, the characteristics of rural single-parent families indicate that they are as employable as their counterparts in Anoka and Dakota counties and appear to be more employable than single parents in Hennepin.

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[30] U.S. Bureau of the Census, USA Counties 1996.

[31] See Appendix Tables A.1 and A.5.

Table 4.12

Impacts on Employment and Earnings for MFIP and AFDC Long-Term Recipients, in Rural Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Ever employed (%)			
Quarters 2-7	72.3	58.3	14.0 ***
Quarter 1	31.6	28.6	3.0
Quarter 2	38.1	28.2	9.9 **
Quarter 3	43.3	28.5	14.8 ***
Quarter 4	47.2	29.6	17.6 ***
Quarter 5	48.0	37.3	10.6 **
Quarter 6	47.3	43.3	4.0
Quarter 7	47.5	43.6	3.9
Average earnings ($)			
Quarters 2-7	4,480	4,212	268
Quarter 1	323	318	5
Quarter 2	456	366	90
Quarter 3	752	494	258 **
Quarter 4	746	536	210 *
Quarter 5	767	789	-23
Quarter 6	863	942	-79
Quarter 7	897	1,084	-188
Sample size (total = 442)	216	226	

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 4.13 presents impacts on welfare receipt. Although welfare receipt decreased for both groups, it fell more rapidly for the AFDC group, for significant impacts in quarters 2 and quarters 5 through 7. By quarter 7, 84 percent of the MFIP group received welfare, compared with 73 percent of the AFDC group. Average payments were higher for the MFIP group in all quarters.

Finally, MFIP did increase income and significantly reduce poverty among rural, long-term recipients. Table 4.14 presents impacts on income, poverty, and self-sufficiency. Average family income during the follow-up period was $15,629 for MFIP families and $13,696 for AFDC families. MFIP families were also 12 percent less likely to be in poverty and less likely to be in severe poverty — that is, with income (earnings plus welfare payments) below 50 percent of the poverty line. The rows under "Income Sources" in Table 4.14 illustrate that MFIP increased the percentage of families combining work and welfare, but primarily by increasing welfare payments.

Although these results are based on fairly small sample sizes, the results suggest that in the rural areas, MFIP produced impacts on employment rates in the early quarters and no lasting impacts on earnings. In addition, the impacts on welfare receipt are larger than those found for the urban areas. Although these differences in impacts may be due to a variety of factors, one possible explanation is that more of the rural parents would have found jobs on their own, owing to their different characteristics or to a greater availability of jobs in rural areas for less educated workers. Additional data would be required to explore this issue further. The limited impacts found in the rural areas, however, are consistent with previous research showing different program effects in rural versus urban areas.[32]

VI. Impacts for Select Groups: Barriers to Employment

MFIP may not affect all families in the same way; some groups may show employment gains, for example, while others may not. Of particular interest is whether relatively disadvantaged recipients — that is, those who face serious barriers to employment — benefit from MFIP or whether the benefits accrue to those who are more job-ready. Several subgroups are defined here according to level of disadvantage, or barriers to employment, in order to examine the distribution of impacts. In the new era of time-limited welfare, this information will help to develop profiles of the types of recipients who may have difficulty finding employment and consequently reach a time limit without alternative income sources.

We follow the method used by Friedlander (1988, 1993) and define subgroups according to prior earnings, prior welfare receipt, and education level. These characteristics are determined by information collected at baseline, such that comparing outcomes for the MFIP and AFDC group members within these subgroups provides an unbiased estimate of program impacts. The creation of subgroups gives rise to fairly small sample sizes, with the result that impacts and impact differences across subgroups may not be statistically significant. For this reason, the following results are interpreted with caution.

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[32] Gueron and Pauly, 1991.

Table 4.13

Impacts on Welfare Receipt for MFIP and AFDC Long-Term Recipients, in Rural Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Ever received welfare (%)			
Quarters 2-7	98.8	95.4	3.4 **
Quarter 1	99.3	98.9	0.4
Quarter 2	98.4	94.0	4.4 **
Quarter 3	93.2	90.1	3.1
Quarter 4	90.3	86.7	3.6
Quarter 5	89.9	83.5	6.4 *
Quarter 6	86.3	78.1	8.2 **
Quarter 7	84.3	72.5	11.8 ***
Welfare payments ($)			
Quarters 2-7	11,150	9,484	1,666 ***
Quarter 1	1,975	1,875	99 ***
Quarter 2	2,150	1,851	299 ***
Quarter 3	1,964	1,747	217 ***
Quarter 4	1,825	1,631	194 **
Quarter 5	1,792	1,545	247 ***
Quarter 6	1,732	1,388	344 ***
Quarter 7	1,687	1,322	365 ***
Sample size (total = 442)	216	226	

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 4.14

Impacts on Income and Poverty for MFIP and AFDC Long-Term Recipients, in Rural Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Percentage Change
Income and poverty (qtrs 2-7)				
Measured income from earnings and/or welfare ($)	15,629	13,696	1,934 ***	14.1
Percent with income below the poverty line	75.9	86.7	-10.8 ***	-12.4
Percent with income 50 to 100 percent of the poverty line	68.3	70.9	-2.6	-3.6
Percent with income below 50 percent of the poverty line	7.6	15.8	-8.2 ***	-52.0
Income sources (qtr 7)				
Percent with earnings exceeding welfare receipt	26.3	31.9	-5.6	-17.6
Percent with no earnings and no welfare	6.4	7.6	-1.3	-17.1
Percent with no earnings and some welfare	46.2	48.8	-2.7	-5.5
Percent with earnings and no welfare	9.3	19.9	-10.5 ***	-52.8
Percent with earnings and welfare	38.2	23.7	14.5 ***	61.2
Sample size (total = 442)	216	226		

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamp at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Tables 4.15 and 4.16 present summary outcomes and impacts for long-term recipients. Table 4.15 groups recipients by prior welfare receipt, and Table 4.16 groups recipients by prior earnings. These categories are associated with post-program outcomes, as seen by examining outcomes for the AFDC group. Long-term recipients who have received welfare for more than two years but fewer than five years, for example, earned more in quarters 2 through 7 than very long-term recipients (those who have received welfare for more than five years), and very long-term recipients with high school diplomas earned more than those without diplomas. Welfare receipt follows a similar pattern.

Although very few of the impact differences across subgroups are statistically significant, the pattern of impacts is informative. Results from the top two panels of Table 4.15 suggest that MFIP had bigger impacts on employment and earnings among individuals who have spent fewer than five years on welfare. The full program produced an increase in employment of 18.3 percent, compared with 10.8 percent for very long-term recipients, although the difference between these impacts is not statistically significant. Very long-term recipients also appeared to benefit less, on average, from both financial incentives and the addition of mandatory services to financial incentives (columns 5 and 6). Adding mandatory services to financial incentives had little or no effect on employment and earnings for very long-term recipients who had not completed high school (column 6). The lack of an effect may be explained by the fact that MFIP case managers are likely to recommend GED programs for those without degrees. However, some effect on employment might be expected since case managers in MFIP were more likely than those in STRIDE to recommend that these participants combine part-time employment with their basic education, rather than delaying employment. In addition, as shown in Chapter 3, MFIP group members were somewhat less likely than either the MFIP Incentives Only or AFDC groups to participate in Adult Basic Education, although these differences are not statistically significant.

Table 4.16 presents impacts by prior earnings status. MFIP had no significant effect on employment rates or earnings for recipients who worked in the year prior to random assignment. This result is consistent with the impacts for applicants, in that most in this group would have worked in the absence of MFIP; 52.4 percent of the AFDC group with earnings in the prior year were working in quarter 7. In contrast, MFIP produced substantial employment gains among those who did not work before random assignment. Moreover, these gains were observed for more- and less-educated recipients, although they appear to be smaller for those without a high school degree.

Thus, MFIP produced employment gains for relatively disadvantaged recipients, but the gains appear to be smaller for those who are most disadvantaged. Again, these results are only suggestive, given the small sample sizes on which they are based. Employment and earnings impacts were greater in magnitude for long-term recipients with high school degrees and those who have received welfare for fewer years. However, MFIP produced modest impacts for those who were more likely to go to work in the absence of MFIP. This pattern of impacts is similar to

Table 4.15

Subgroup Impacts for MFIP, MFIP Incentives Only, and AFDC Single-Parent Long-Term Recipients

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only	Sample Sizes		
Outcome and subgroup	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Impacts of Financial Incentives Alone (5)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (6)	MFIP (7)	MFIP Incentives Only (8)	AFDC (9)
Total earnings (qtrs 2-7) ($)									
Prior welfare receipt <5 years	5,330	4,403	4,051	1,279 **	352	927 *	293	301	305
Prior welfare receipt >5 years	4,574	3,881	3,620	954 **	262	693 *	357	360	357
Prior welfare >5 yrs & diploma	5,583	4,642	4,524	1,059 *	118	941	225	218	247
Prior welfare >5 yrs & no diploma	2,692	2,522	2,031	661	491	170	132	142	110
Percent employed (qtr 7)									
Prior welfare receipt <5 years	55.0	44.9	36.7	18.3 ***	8.2 **	10.2 ***	293	301	305
Prior welfare receipt >5 years	49.0	41.0	38.2	10.8 ***	2.8	8.0 **	357	360	357
Prior welfare >5 yrs & diploma	57.6	45.8	44.3	13.3 ***	1.5	11.8 **	225	218	247
Prior welfare >5 yrs & no diploma	32.8	33.0	27.1	5.7	5.9	-0.2	132	142	110
Total welfare payments (qtrs 2-7) ($)									
Prior welfare receipt <5 years	10,084	10,692	9,629	455	1,063 ***	-609 *	293	301	305
Prior welfare receipt >5 years	11,921	12,594	10,771	1,150 ***	1,822 ***	-672 **	357	360	357
Prior welfare >5 yrs & diploma	11,579	12,301	10,307	1,272 ***	1,994 ***	-722 **	225	218	247
Prior welfare >5 yrs & no diploma	12,553	13,072	11,718	835	1,355 **	-519	132	142	110

(continued)

Table 4.15 (continued)

Outcome and subgroup	Average Outcome Levels MFIP (1)	 MFIP Incentives Only (2)	 AFDC (3)	MFIP vs. AFDC Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	MFIP Incentives Only vs. AFDC Impacts of Financial Incentives Alone (5)	MFIP vs. MFIP Incentives Only Added Impacts of Mandatory Services and Reinforced Incentive Messages (6)	Sample Sizes MFIP (7)	 MFIP Incentives Only (8)	 AFDC (9)
Percent receiving welfare (qtr 7)									
Prior welfare receipt <5 years	76.6	81.9	73.2	3.4	8.7 ***	-5.3	293	301	305
Prior welfare receipt >5 years	84.3	86.0	80.2	4.1	5.8 **	-1.7	357	360	357
Prior welfare >5 yrs & diploma	82.2	85.5	78.4	3.8	7.1 *	-3.3	225	218	247
Prior welfare >5 yrs & no diploma	88.7	86.3	84.0	4.7	2.2	2.5	132	142	110

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamp at random assignment.

The samples are defined according to individuals' characteristics at baseline.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not employed or not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 4.16

Subgroup Impacts for MFIP, MFIP Incentives Only, and AFDC Single-Parent Long-Term Recipients

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only	Sample Sizes		
Outcome and subgroup	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Impacts of Financial Incentives Alone (5)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (6)	MFIP (7)	MFIP Incentives Only (8)	AFDC (9)
Total earnings (qtrs 2-7) ($)									
Some earnings in prior year	5,991	5,768	5,951	40	-183	223	268	289	298
No earnings in prior year	4,090	2,809	2,334	1,756 ***	475	1,281 ***	408	392	389
No earnings & diploma	5,141	3,589	3,032	2,109 ***	557	1,553 ***	251	259	250
No earnings & no diploma	2,266	1,542	999	1,267 ***	543	724 *	157	133	139
Percent employed (qtr 7)									
Some earnings in prior year	58.1	55.1	52.4	5.7	2.7	3.0	268	289	298
No earnings in prior year	47.3	32.7	26.7	20.6 ***	5.9 *	14.6 ***	408	392	389
No earnings & diploma	54.8	37.5	30.2	24.6 ***	7.3 *	17.3 ***	251	259	250
No earnings & no diploma	34.8	24.9	19.6	15.2 ***	5.3	9.9 *	157	133	139
Total welfare payments (qtrs 2-7) ($)									
Some earnings in prior year	10,906	11,368	9,713	1,193 ***	1,655 ***	-462	268	289	298
No earnings in prior year	11,194	11,993	10,664	530 *	1,330 ***	-799 ***	408	392	389
No earnings & diploma	10,806	11,563	10,375	431	1,188 ***	-757 **	251	259	250
No earnings & no diploma	11,870	12,689	11,255	615	1,434 **	-819	157	133	139

(continued)

Table 4.16 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only	Sample Sizes		
Outcome and subgroup	MFIP (1)	MFIP Incentives Only (2)	AFDC (3)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (4)	Impacts of Financial Incentives Alone (5)	Added Impacts of Mandatory Services and Reinforced Incentive Messages (6)	MFIP (7)	MFIP Incentives Only (8)	AFDC (9)
Percent receiving welfare (qtr 7)									
Some earnings in prior year	81.2	84.5	76.0	5.2	8.5 ***	-3.3	268	289	298
No earnings in prior year	80.4	84.7	77.4	3.0	7.3 ***	-4.3	408	392	389
No earnings & diploma	79.1	85.2	77.1	2.0	8.1 **	-6.0 *	251	259	250
No earnings & no diploma	82.9	82.9	78.2	4.7	4.7	0.0	157	133	139

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

The samples are defined according to individuals' characteristics at baseline.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

that found from a survey of welfare-to-work programs, in which the most consistent gains were observed for a group of participants who were moderately disadvantaged [33]

VII. A Summary of MFIP's Short-Run Effects

For long-term welfare recipients in urban areas, MFIP has, in the short run, achieved its primary goals: the program has increased employment by moving substantial numbers of these recipients into the work force, increased the percent who are defined as self-supporting, and significantly reduced the incidence of poverty. Both financial incentives and mandatory services were necessary to produce these substantial gains. MFIP was less successful among applicants for whom poverty was reduced, but largely through an increase in welfare payments. Although the data suggest that the employment impacts are minimal because many applicants will find employment on their own, the provision of more generous MFIP benefits may help many of these families avoid the severe fall in income that is usually associated with the decision to apply for welfare.

Finally, though many applicants had left welfare after one-and-a-half years, future reports will discuss whether the combination of financial incentives and mandatory services increases employment and earnings among applicants and reduces the number of applicants who remain on welfare in the long run.

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[33] Friedlander, 1988, 1993.

Chapter 5

Findings for Two-Parent Families

This chapter presents findings for the effects of MFIP on two-parent families, who make up approximately 10 percent of all families receiving welfare in Minnesota. Many states are currently experimenting with methods of streamlining the welfare system for two-parent families, and the results presented here give some indication of how such changes will affect this group.[1] Since the AFDC program for two-parent families (AFDC-UP) differs in many ways from AFDC for single-parent families, the AFDC-UP and MFIP programs are compared first. Selected characteristics at baseline are then presented for the samples of two-parent applicants and recipients. The subsequent section presents data on parents' understanding of MFIP's rules and their participation in services. The chapter concludes with impacts on employment, earnings, welfare receipt, and income during the follow-up period.

The results indicate that MFIP had substantially different effects on two-parent families than on single-parent families. Among recipient two-parent families, MFIP reduced earnings among both women and men, reduced family earnings, and increased welfare receipt. MFIP also produced a modest reduction in employment rates among women. Although these results may be due to a variety of factors, the impacts for women suggest that those whose partners were working or able to work could reduce their work effort in response to MFIP's more generous benefits for working families. In contrast, the relatively strict work requirements of AFDC-UP may explain why MFIP did not increase men's employment rates. Among applicant families, the results are more tentative because the sample sizes are very small. However, the results suggest that most of these families rely on welfare only temporarily, so MFIP had little effect on their behavior over the long run.

I. MFIP Versus AFDC-UP

The grant calculation and income disregard rules are the same under the AFDC and AFDC-UP systems. Thus, the differences — in terms of financial incentives to work — between MFIP and AFDC should operate similarly for both one-parent and two-parent families. In other ways, however, AFDC and AFDC-UP differ, making the program comparison different for two-parent families.

First, two-parent families have a more restrictive and complicated eligibility and application process for AFDC than do single-parent families. For example, for two-parent families to be eligible for AFDC, one parent must either be incapacitated or, if able to work, must report a recent work history. If employed, he or she must work fewer than 100 hours per month. MFIP attempts to streamline eligibility rules for these families to make them similar to those for single-parent families.

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[1] Minnesota allows a small fraction of families who do not qualify for AFDC benefits to receive benefits under its Family General Assistance program. Since the rules of this program are somewhat different from those of AFDC, and since a small fraction of families in the AFDC control group will be receiving FGA instead of AFDC, the results presented in this chapter provide only a rough indication of the effects of changing the AFDC system for two-parent families.

Second, while single parents receiving AFDC can volunteer for STRIDE services, two-parent families face stricter work requirements. While receiving AFDC-UP, the primary wage-earner must work, search for a job, or work in exchange for welfare benefits through the Community Work Experience Program. Under MFIP, neither parent faces a work requirement until the family has received benefits for six months, at which point one parent must participate in MFIP's employment and training services.

II. Selected Characteristics, Opinions, and Attitudes of Sample Members in Two-Parent Families

Table 5.1 presents selected characteristics reported by two-parent families at the time of random assignment. Because the point at which services become mandatory is only six months for two-parent families, no distinction is made here between long- and short-term recipients. The following analyses are presented separately for recipients and applicants. This section briefly highlights the differences in characteristics between single- and two-parent families.

Since the majority of respondents to the baseline information form were female, many of the individual-level characteristics (such as education level, labor force status, and age) may be very similar for single- and two-parent families.[2] Thus, any characteristics of the men in these families that may affect their response to the program are not captured. The primary areas in which these two samples differ are geographic residence and race/ethnicity. Although the majority of the two-parent sample members live in Hennepin County (Minneapolis), the proportion of two-parent families living in rural counties is much larger than the proportion of single-parent families living there — 25.8 percent of applicants and 23.3 percent of recipients versus 14.5 percent of long-term recipients and 6.6 percent of applicants for single parents.[3] Also, a higher percentage of the two-parent sample is white. Among applicants, 75 percent of the respondents are white/non-Hispanic, compared with 61 percent of the single-parent families. Among recipients, 58 percent are white/non-Hispanic and an equal percentage (16 percent) are either black/non-Hispanic or Asian/Pacific Islander.

As shown in Table 5.2, the attitudes and opinions reported by respondents in two-parent families are similar in many ways to those reported by single parents, with a few notable exceptions. A higher proportion of unemployed two-parent applicants and recipients stated that they were unable to seek part-time employment because of problems arranging for child care. They were also more likely than single-parent respondents to state a preference for staying home to care for their family. Almost 50 percent of applicants and 45 percent of recipients agreed or agreed a lot that they would prefer not to work so they could care for their family full-time (compared with 42 percent for single-parent applicants and 29 percent for single-parent, long-

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[2] Note that although the respondents were primarily female, MFIP can affect the behavior of either parent.

[3] The proportion of single-parent short-term recipients in the rural counties was 23.8 percent.

Table 5.1

Selected Characteristics of Two-Parent Family MFIP Report Sample Members, by Welfare Status at Random Assignment

Characteristic	Recipients	Applicants
Demographic characteristics		
Geographic area (%)		
Hennepin County (Minneapolis)	55.1	46.7
Anoka/Dakota counties	21.6	27.5
Rural counties	23.3	25.8
Gender (%)		
Female	90.6	79.9
Male	9.4	20.1
Age (%)		
Under 20	4.8	8.6
20-24	21.6	22.8
25-34	44.5	42.8
35-44	21.3	21.1
45 and over	7.9	4.7
Average age (years)	31.2	30.1
Race/Ethnicity (%)		
White, non-Hispanic	58.3	75.4
Black, non-Hispanic	16.2	7.5
Hispanic	3.3	7.3
Native American/Alaskan Native	5.9	2.0
Asian/Pacific Islander	16.3	7.9
Family status		
Marital status (%)		
Never married	24.7	18.8
Married, living with spouse	68.3	77.7
Married, living apart	1.7	0.9
Separated	0.2	0.0
Divorced	5.0	2.6
Widowed	0.1	0.0
Age of youngest child (%)		
Under 3 years, or client pregnant at the time of random assignment	54.9	64.0
3-5	22.0	12.5
6-18	23.1	23.5

(continued)

Table 5.1 (continued)

Characteristic	Recipients	Applicants
Labor force status		
Worked full-time for 6 months or more for one employer (%)	51.5	71.0
Any earnings in past 12 months (%)	39.0	73.9
Currently employed (%)	13.6	27.4
Average hourly wage[a] ($)	6.22	6.94
Average hours worked per week[b] (%)		
1-19	38.4	36.4
20-29	23.2	15.7
30 or more	38.4	47.9
Never worked (%)	20.6	9.1
Education status		
Highest credential earned (%)		
GED certificate[c]	13.1	10.1
High school diploma	38.8	50.6
Technical/2-year college degree	7.9	11.2
4-year college degree or higher	2.2	7.7
None of the above	38.1	20.6
Highest grade completed in school (average)	10.5	11.9
Prior welfare receipt		
Total prior AFDC receipt[d] (%)		
None	3.5	77.8
Less than 4 months	3.9	1.8
4 months or more but less than 1 year	12.6	7.8
1 year or more but less than 2 years	13.7	3.3
2 years or more but less than 5 years	31.7	5.6
5 years or more but less than 10 years	23.2	2.7
10 years or more	11.4	1.1
Resided as a child in a household receiving AFDC (%)		
Yes, aid received 5 years or more	13.1	5.1
Yes, aid received less than 5 years	7.5	4.8
No	71.9	84.4
Don't know	7.6	5.7

(continued)

Table 5.1 (continued)

Characteristic	Recipients	Applicants
MFIP employment and training mandates[e]		
Met MFIP criteria for participation in mandatory employment and training services[f] (%)	74.1	5.2
Parent under age 20, no high school diploma/GED	3.1	4.5
Recipient of AFDC 6 of past 12 months	72.3	0.7
STRIDE eligibility[g]		
In STRIDE target group[f] (%)	67.9	50.9
Parent under age 24 (18-23), no high school diploma/GED	8.8	9.0
Parent under age 24 (18-23), limited work experience	15.7	20.3
Recipient of AFDC 36 of past 60 months	44.8	0.0
Youngest child age 16 or over	1.0	0.9
Primary wage-earner	19.3	29.3
Housing status		
Current housing status (%)		
Public housing	7.7	2.4
Subsidized housing	18.2	3.5
Emergency or temporary housing	3.8	3.9
None of the above	70.3	90.2
Number of moves in the past 2 years (%)		
None	34.1	29.2
1 or 2	45.7	52.3
3 or more	20.2	18.5
Current and recent education and training activities		
Currently enrolled in education or training[f] (%)		
Any type	20.7	12.9
GED preparation	2.5	0.7
English as a Second Language	6.2	1.8
Adult Basic Education	1.3	0.7
Vocational education/skills training	4.7	2.2
Post-secondary education	3.4	4.2
Job search/job club	3.2	2.4
Work experience	0.4	0.7
High school	0.6	1.5
If enrolled, program is part of a STRIDE plan	31.2	0.0

(continued)

Table 5.1 (continued)

Characteristic	Recipients	Applicants
Enrolled in education or training during the previous 12 months[f] (%)		
Any type	29.7	17.5
GED preparation	4.0	2.0
English as a Second Language	7.4	1.3
Adult Basic Education	1.6	0.2
Vocational education/skills training	7.0	2.2
Post-secondary education	4.0	6.6
Job search/job club	5.4	2.4
Work experience	1.0	1.8
High school	1.7	2.6
If enrolled, program was part of a STRIDE plan	29.9	1.4
Sample size (total = 1,750)	1,285	465

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

One percent of two-parent sample members did not complete a Background Information Form. In addition, nonresponse rates for individual items ranged from 0.0-11.3 percent.

[a] Percentages are calculated for those employed at the time of random assignment who reported an hourly wage. Twenty-six percent of those employed were excluded because they did not report an hourly wage.

[b] Percentages are calculated for those employed at the time of random assignment.

[c] The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d] This refers to the total number of months an individual or her spouse has spent on AFDC at one or more periods of time as an adult. It does not include AFDC receipt under a parent's name.

[e] Only those assigned to the MFIP group are subject to these mandates.

[f] Because some sample members may be in more than one category, totals may not equal all categories summed.

[g] Only those assigned to the AFDC group are subject to these rules.

Table 5.2

Attitudes and Opinions of Two-Parent Family MFIP Report Sample Members, by Welfare Status at Random Assignment

Attitude or Opinion	Recipients	Applicants
Client-reported barriers to employment		
Among those not currently employed, the percent who agreed or agreed a lot that they could not work part-time right now for the following reasons:[a]		
No way to get there every day	48.6	34.8
Cannot arrange for child care	60.0	53.4
A health or emotional problem, or a family member with a health or emotional problem	34.2	29.9
Too many family problems	33.9	33.8
Already have too much to do during the day	33.4	31.4
Any of the above five reasons	84.3	77.6
Among those currently working less than 30 hours a week the percent who agreed or agreed a lot that they could not work full-time right now for the following reasons:[b]		
Cannot arrange for child care	40.4	29.7
A health or emotional problem, or a family member with a health or emotional problem	24.1	29.7
Too many family problems	20.0	21.6
Any of the above three reasons	57.7	51.4
Client-reported preferred activities		
Given the following choices, percent expressing a consistent preference for one of the following activities:[c]		
Staying home to take care of family	19.1	26.0
Going to school to learn a job skill	38.4	33.6
Going to school to study basic reading and math	6.8	6.0
Getting a part-time job	7.6	6.0
Getting a full-time job	28.1	28.4
Percent who agreed or agreed a lot that they:		
Prefer not to work so they can take care of their families full-time	45.1	49.7
Do not want a job because they would miss their children too much	19.5	22.1
Like going to school	75.0	76.3

(continued)

Table 5.2 (continued)

Attitude or Opinion	Recipients	Applicants
Cannot go to school or job training program right now because they are afraid to leave children in day care or with a babysitter	30.4	23.8
Percent who agreed or agreed a lot that children who go to day care or preschool learn more than children who stay home with their mothers	50.7	42.9
Percent who, if they had a choice, would prefer to work at a:		
Part-time job	40.3	42.6
Full-time job	59.7	57.5
Client-reported employment expectations		
If someone offered client a job that could support their family a little better than welfare, percent who would likely or very likely take the job if:		
Client didn't like work	46.5	54.8
Client had to work at night once in a while	66.1	76.7
The job was in a fast-food restaurant like McDonald's	30.8	34.3
It took more than an hour to get there	28.1	25.3
Minimum hourly wage at which the client would take a full-time job		
With no medical benefits (%):		
$4	0.4	0.0
$5	3.6	7.3
$6	11.5	8.4
$7	11.9	13.1
$8	20.9	20.4
$10	15.4	14.9
$12	9.6	9.8
$15	11.9	13.8
$20 or more	14.7	12.4
Median ($)	10.00	10.00
Mode ($)	8.00	8.00
Mean ($)	10.81	10.63

(continued)

Table 5.2 (continued)

Attitude or Opinion	Recipients	Applicants
With full medical benefits (%):		
$4	0.6	0.4
$5	8.2	10.4
$6	17.7	14.8
$7	20.1	18.4
$8	24.7	23.0
$10	16.9	16.9
$12	5.8	9.0
$15	4.4	5.0
$20 or more	1.7	2.2
Median ($)	8.00	8.00
Mode ($)	8.00	8.00
Mean ($)	8.26	8.50
With full medical benefits and the welfare department would let client continue to get most of the welfare check (%):		
$4	7.4	5.5
$5	22.8	22.4
$6	23.2	22.4
$7	15.6	12.9
$8	15.7	14.0
$10	9.2	12.9
$12	2.9	5.5
$15	2.3	2.6
$20 or more	0.9	1.8
Median ($)	6.00	6.00
Mode ($)	6.00	5.00
Mean ($)	6.97	7.41
Approximate average worth of employer-provided medical benefits per hour ($)	2.63	2.07
If client could get $800 a month, plus Medicaid and free child care, percent who would prefer:		
Getting all the money by working 40 hours a week	51.4	56.2
Getting half from welfare and half by working 20 hours a week	48.6	43.8

(continued)

Table 5.2 (continued)

Attitude or Opinion	Recipients	Applicants
If client could keep most of the welfare check and also keep any money earned from a $6/hour job, number of hours they would want to work: (%)		
0	4.9	6.3
5 - 10	6.2	6.0
15 - 20	16.2	14.9
25 - 30	20.1	20.8
Over 30	52.7	52.0
Percent who agreed or agreed a lot that:		
It will probably take them more than a year to get a full-time job and get off welfare	57.7	31.5
They would take a full-time job today, even if the job paid less than welfare	17.9	27.1
If they got a job, they could find someone they trusted to take care of their children	70.3	75.3
A year from now they expect to be working	78.8	81.8
A year from now they expect to be receiving welfare	30.6	10.9
Client employment-related activities		
Time spent looking for a job during the past 3 months (%):		
Not at all	44.6	41.5
Some/a little	31.2	28.2
A moderate amount	15.8	15.6
A great deal	8.3	14.8
In past 4 weeks, approximate number or employers, if any, client contacted (by telephone, mail, or in person) to apply for a job or ask about job openings (%):		
None	60.8	53.0
1 - 2	18.8	15.6
3 - 5	10.4	15.9
6 - 10	4.9	9.3
More than 10	5.1	6.3
Percent planning to be in school or training program in the next few months	33.6	31.4

(continued)

Table 5.2 (continued)

Attitude or Opinion	Recipients	Applicants
Client-reported attitudes toward welfare		
Percent who agreed or agreed a lot with the following statements:		
I feel that people look down on me for being on welfare	67.1	54.4
I am ashamed to admit to people that I am on welfare	59.2	52.3
Right now, being on welfare provides for my family better than I could by working	56.0	52.6
I think it is better for my family that I stay on welfare than work at a job	22.4	13.5
Client-reported social support network		
Percent who agreed or agreed a lot with the following statements:		
Among my family, friends, and neighbors, I am one of the only people who is on welfare	37.1	53.2
When I have trouble or need help, I have someone to talk to	78.3	88.4
Client-reported sense of efficacy		
Percent who agreed or agreed a lot with the following statements:		
I have little control over the things that happen to me	23.6	20.2
I often feel angry that people like me never have a chance to succeed	47.7	30.8
Sometimes I feel that I'm being pushed around in life	46.3	42.1
There is little I can do to change many of the important things in my life	32.4	31.8
All of the above	9.2	6.0
None of the above	27.7	36.2
Sample size (total = 1,089)	793	296

(continued)

Table 5.2 (continued)

SOURCE: MDRC calculations using data from Private Opinion Survey data.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; the Minnesota JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

Thirty-eight percent of the two-parent sample members for this report did not fill out a Private Opinion Survey because the survey began in the second month after the start of random assignment. Of those who were randomly assigned after the survey began, 19.9 percent did not fill out the survey. Nonresponse rates for individual items ranged from 3.0-14.9 percent.

In most categories, individuals could agree or agree a lot with more than one statement. Multiple responses were not possible in the following item groupings: client-reported preferred activities, client-reported employment-related activities, and client reported acceptable wages.

[a] Part-time is defined as a minimum of 10 hours per week.

[b] Full-time is defined as 40 hours per week.

[c] Percentages are calculated for those with a consistent preference.

term recipients). Related to this, more of the two-parent respondents said they would prefer to work part-time. This difference is consistent with the fact that most of the two-parent respondents are female and unlikely to be the primary wage-earner in the family. Finally, somewhat more of the two-parent recipients reported health or emotional problems or other family problems as barriers to employment. This difference is consistent with the fact that many of the parents in two-parent recipient families are disabled or, according to evidence from MFIP case managers, face multiple problems that may hinder their ability to work.

III. Participation Patterns Among Two-Parent Families from Urban Counties

Although the two-parent and single-parent caseloads look similar in many ways, they appear to interact with the welfare office in different ways. In particular, field research indicates that many case workers feel that two-parent families are more difficult to work with than single-parent families. Many case workers expressed the view that the men in these families were reluctant to participate in MFIP's employment and training services. Data from the client survey corroborate these findings, indicating that women were more likely to participate in MFIP's services. Case workers also perceived that there was a high rate of sanctioning among two-parent families.[4]

Tables 5.3 and 5.4 present information on urban two-parent families' program understanding and their participation in employment and training activities. For both of these tables, estimates are not disaggregated by recipient/applicant status, since the sample sizes are very small. Also for this reason, the results should be interpreted with some caution.

In general, the results suggest that two-parent families understood the basic message of the program. A higher percentage of the MFIP group than the AFDC-UP group understood that MFIP will pay for child care services, although the difference is not statistically significant. Seventy-four percent of MFIP group members, compared with 46 percent of AFDC-UP members, felt they would be better off working 30 or more hours per week. Finally, MFIP respondents were significantly more likely than AFDC-UP respondents to believe that they can work 30 or more hours per week and still receive benefits.

Table 5.4 presents information on participation rates within 12 months. Relative to their AFDC-UP counterparts, the MFIP two-parent families were significantly more likely to have had at least one parent participate in some activity (67.8 percent for MFIP versus 40.5 percent for AFDC-UP), and this difference in participation appears to be due largely to the job search component. Thus, although the sample sizes are very small, the results suggest that enrollment in MFIP did elicit an increase in activity designed to move the participating parent into employment. One possible explanation for the higher participation among MFIP families is that more AFDC families had left welfare during the year, such that they were not required to participate in activities. Another explanation may be that MFIP required the participation of one parent in families where the other parent was incapacitated, whereas these families were exempt from participating under AFDC.

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[4] Data from the 12-month survey, however, show similar sanctioning rates for two-parent and single-parent families who were required to participate.

Table 5.3

Information About the MFIP and AFDC Programs, Reported by Two-Parent Families, in Urban Counties

Outcome (%)	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Incentives and supports for work			
Is child care paid for when recipients work?			
Yes	79.9	62.8	17.1
No	4.6	15.1	-10.5
Don't know	15.5	22.1	-6.6
Compared with not working, if recipients worked 30+ hours a week while on assistance, they would be (%):			
Better off	74.4	45.7	28.7 *
Worse off	8.3	22.8	-14.5
About the same	16.8	26.4	-9.6
Don't know	0.5	5.0	-4.6
Can recipients work 30+ hours a week and keep part of their grant?			
Yes	63.1	36.3	26.9 *
No	26.4	31.9	-5.5
Don't know	10.4	31.8	-21.3 *
If recipients had a choice, would they:			
Work less than 30 hours a week and stay on assistance?	0.9	12.8	-11.9
Work more than 30 hours a week and stay on assistance?	42.0	8.1	33.9 **
Work more than 30 hours a week and leave assistance?	54.3	73.5	-19.2
Don't know, it depends	2.9	5.7	-2.8
Were recipients informed about the medical assistance available if they leave welfare for a job?			
Yes	89.4	65.7	23.7 *
No	10.6	34.3	-23.7 *
Don't know	0.0	0.0	0.0 **
Would recipients lose part of their welfare grant because of not participating in MFIP case management/STRIDE, or because they did not go to school or look for work?			
Yes	81.2	72.5	8.7
No	15.1	19.8	-4.6
Don't know	3.7	7.7	-4.1

(continued)

Table 5.3 (continued)

Outcome (%)	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
What do staff encourage?			
To get a job quickly?	64.1	24.6	39.5 **
To go to school or training?	54.0	25.0	28.9 **
What would staff recommend about a 30 hour/ week, $5/hour job with no medical benefits? (%)			
Take the job	61.0	59.7	1.3
Don't take the job	32.0	21.8	10.2
No recommendation either way	6.8	2.4	4.3
Don't know	0.2	16.0	-15.8 **
Evaluations of welfare			
Strongly believe MFIP/AFDC has helped recipients' chances of getting or keeping a job[a]	47.7	11.4	36.2 ***
Strongly agree with the statement that "in Minnesota, it's easy just to stay on MFIP/ AFDC and not try to get off"[a]	21.9	38.4	-16.6
Sample size (total = 68)	31	37	

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes vary for individual measures because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

[a] "Strongly believe/agree" represents percentage of respondents who indicated values of 6-10 on a scale of 1-10, where 1=strongly disagree.

Table 5.4

Participation in Employment and Training Activities Within 12 Months After Random Assignment, by MFIP and AFDC-UP Two-Parent Families, in Urban Counties, as Reported on the Client Survey

Outcome (%)	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Either parent ever participated	67.8	40.5	27.3 **
Either parent ever participated in:			
Career workshop	36.6	18.0	18.7
Job search	54.0	27.7	26.2 *
Job search class	25.0	16.9	8.2
Job search club	24.2	4.1	20.1 *
Individual job search	34.0	14.7	19.3
Basic education	15.6	5.9	9.7
Post-secondary education[a]	19.9	10.3	9.6
Vocational training[b]	1.2	1.7	-0.6
Work experience	3.1	0.1	3.1
English as a Second Language	0.0	0.0	0.0
Other	3.5	0.0[c]	3.7
Either parent ever sanctioned for noncompliance with employment and training requirements[d]	25.6	16.4	9.1
Sample size (total = 68)	31	37	

SOURCE: MDRC calculations from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes for individual measures vary because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

[a] Post-secondary education is defined as courses for college credit at a two-year or four-year college.

[b] Vocational training is defined as training for a specific job, trade, or occupation that does not lead to college credit. It does not include on-the-job training or unpaid work experience.

[c] The mean is negative due to adjusting, but has been set equal to 0.

[d] Sanctioned between date of random assignment and date of survey interview.

IV. Impacts for Two-Parent Families in Urban Counties

This section presents impacts for recipients and applicants separately since these groups received different treatments. Also, impacts are presented only for urban families.

The financial incentives of MFIP should have similar effects on the employment behavior and welfare receipt of two-parent and one-parent families. In particular, if the parents would not have worked in the absence of MFIP, the program may encourage one or both of them to enter the labor force; if one or both would have worked anyway, MFIP will not affect their employment decision, but may increase the likelihood that they combine welfare and work. In addition, as noted earlier, the more generous welfare payments provided by MFIP may reduce work effort.

The effects of MFIP's mandatory services are not as clear, because they are no longer being compared with AFDC, but with AFDC-UP and its stricter work requirements. In order to receive AFDC benefits, the principal wage-earner (typically the man) in two-parent families must participate in job search. If job search does not lead to employment within a specified time period, he or she must work in the Community Work Experience Program — that is, work in exchange for welfare benefits.[5] Field research indicates that the prevailing view among two-parent families was that CWEP work was equivalent to working without pay, so that obtaining employment was preferable. In the relatively strong economies of the three urban counties, obtaining employment was probably a viable option. If the principal wage-earner works more than 100 hours per month, however, the family becomes ineligible for AFDC. Thus, the AFDC system provides a clear incentive for the principal wage-earner to work, but may encourage part-time work.

MFIP, in contrast, does not require participation in employment and training until the family has received benefits for six months. Families with one parent working at least 30 hours per week are exempt from mandatory services. Thus, MFIP should encourage employment for the parent designated to participate, who may or may not be the principal wage-earner. In addition, MFIP allows the participating parent to work more than 100 hours per month and still qualify for benefits. In this sense, MFIP's elimination of the 100-hour rule may have effects on welfare receipt that are similar to the effects of financial incentives: it may increase welfare receipt because it allows families to work more than part-time and still qualify for benefits. MFIP's elimination of the prior work history requirements may also allow more applicant families to qualify for benefits.

Finally, a small percentage of families qualify for Minnesota's Family General Assistance (FGA) program, which differs from AFDC in a few notable ways. First, a family does not become ineligible for FGA if the primary wage-earner works more than 100 hours per month. Second, FGA does not impose the work history requirements of AFDC. Thus, although less than 10 percent of control group families received FGA, the following impacts do not represent a strict comparison between the AFDC system and MFIP because some AFDC-UP families are enrolled in a different program.

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[5] CWEP was not implemented until late 1995, so it would not affect two-parent families for most of the period covered by this report.

A. Recipients

Table 5.5 presents impacts on employment and earnings among recipients for both women and men, but also for family employment and earnings, since MFIP's impact on household resources is of primary concern.

Employment rates for women in the AFDC-UP group were initially somewhat lower than those of their single-parent counterparts.[6] Their employment rates gradually increased, however, and by quarter 7 they were as likely as single mothers to be working. Comparing MFIP and AFDC-UP, the women in MFIP were less likely to have worked during the follow-up period, although only one of the quarterly impacts is statistically significant. Average earnings, although low for both groups, were also significantly lower for the MFIP women. Employment rates for men were initially somewhat higher for the MFIP group but fell somewhat toward the end of the follow-up period. Earnings were lower for the MFIP men in all quarters, especially in the later quarters. Finally, the earnings differences are not fully accounted for by the lower employment rates. Earnings per quarter employed (not shown) were also lower for both MFIP women and men.

The far right columns of the table present impacts for family employment. The outcomes shown are whether either parent is employed and the sum of the two parents' earnings. Although MFIP appears to have reduced the likelihood of employment among women, it did not affect the likelihood that at least one parent worked. Stated another way, MFIP reduced the probability that both parents worked; in quarter 7, for example, in 19 percent of MFIP families and in 25 percent of AFDC-UP families, both parents were employed (not shown in Table 5.5), and this difference is statistically significant at the 5 percent level. This result is consistent with the respondents in two-parent families expressing a relatively strong preference for staying home to care for their children. Finally, average family earnings are significantly lower for the families in MFIP.

Table 5.6 presents impacts on welfare receipt. As among single-parent recipients, MFIP increased welfare receipt rates and average payments. In addition, the impact in quarter 7 (14.8 percentage points) is much bigger than that for single parents because more of the two-parent AFDC-UP families had left welfare by this point. Average welfare payments were also higher in all quarters, as were payments per quarter received (or average payments divided by the percent receiving welfare). Finally, many of the AFDC-UP families listed as receiving welfare in a given period may not be receiving AFDC payments per se; by the second quarter of follow-up, about 25–30 percent of AFDC-UP families receiving welfare were receiving Food Stamp benefits only, while most of the remaining recipients were receiving AFDC and Food Stamps.

Table 5.7 presents impacts on poverty and income. The increase in welfare payments was largely offset by the reduction in earnings for MFIP families, with the result that income was only slightly higher for the MFIP group. MFIP produced no impact on the poverty rate. Finally, the "Income sources" panel of the table examines MFIP's effects on income composition. MFIP families were less likely to rely on earnings as their primary source of income (38.6 percent for

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[6] We can compare employment rates among women in two-parent families with those for single parents, since approximately 90 percent of single parents in our sample are women.

Table 5.5

Impacts on Employment and Earnings for MFIP and AFDC-UP Two-Parent Family Recipients, in Urban Counties

	Women			Men			Families		
Outcome	MFIP (1)	AFDC-UP (2)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (3)	MFIP (4)	AFDC-UP (5)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (6)	MFIP (7)	AFDC-UP (8)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (9)
Ever employed (%)									
Quarters 2-7	51.4	57.2	-5.7 **	64.4	64.3	0.2	77.9	77.2	0.7
Quarter 1	24.6	26.4	-1.8	43.0	42.7	0.3	52.2	51.5	0.7
Quarter 2	30.0	31.0	-1.0	45.0	43.5	1.5	57.2	55.6	1.5
Quarter 3	31.8	33.1	-1.3	44.4	45.6	-1.2	59.1	58.3	0.8
Quarter 4	29.5	34.8	-5.3 *	43.7	46.7	-3.0	56.2	59.0	-2.8
Quarter 5	32.2	36.4	-4.3	47.3	48.2	-0.9	60.2	62.0	-1.8
Quarter 6	34.3	34.9	-0.6	43.9	48.2	-4.3	60.5	59.5	1.0
Quarter 7	37.0	39.0	-2.1	43.2	47.4	-4.2	61.0	61.5	-0.5
Average earnings ($)									
Quarters 2-7	3,503	4,720	-1,218 ***	7,919	9,296	-1,377 **	11,422	14,016	-2,594 ***
Quarter 1	304	334	-30	892	996	-105	1,196	1,331	-135 *
Quarter 2	401	532	-131 **	1,046	1,253	-207 **	1,447	1,785	-338 ***
Quarter 3	500	660	-160 **	1,188	1,378	-191 *	1,688	2,038	-350 **
Quarter 4	525	764	-239 ***	1,338	1,489	-151	1,863	2,253	-390 **
Quarter 5	617	812	-195 **	1,389	1,678	-289 **	2,006	2,490	-484 ***
Quarter 6	697	954	-257 ***	1,444	1,730	-286 *	2,141	2,684	-543 ***
Quarter 7	762	999	-236 **	1,515	1,768	-253 *	2,277	2,767	-490 **
Sample sizes (total = 945	476	469		476	469		476	469	

(continued)

Table 5.5 (continued)

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Family employment measures the percentage of families for which at least one parent is employed. Family earnings measures the sum of both spouses' earnings.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

Table 5.6

Impacts on Welfare Receipt for MFIP and AFDC-UP Two-Parent Family Recipients, in Urban Counties

Outcome	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Ever received welfare (%)			
Quarters 2-7	94.6	91.6	3.0 *
Quarter 1	94.6	91.6	3.0 **
Quarter 2	93.3	87.9	5.4 ***
Quarter 3	87.3	79.4	7.8 ***
Quarter 4	84.1	73.3	10.7 ***
Quarter 5	81.8	71.4	10.4 ***
Quarter 6	79.3	65.1	14.2 ***
Quarter 7	75.0	60.2	14.8 ***
Welfare payments ($)			
Quarters 2-7	12,788	9,458	3,330 ***
Quarter 1	2,161	1,876	285 ***
Quarter 2	2,493	1,939	553 ***
Quarter 3	2,285	1,760	524 ***
Quarter 4	2,157	1,613	544 ***
Quarter 5	2,038	1,476	562 ***
Quarter 6	1,945	1,380	565 ***
Quarter 7	1,870	1,289	581 ***
Sample size (total = 945)	476	469	

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits of AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for families not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

Table 5.7

Impacts on Income and Poverty for MFIP and AFDC-UP Two-Parent Family Recipients, in Urban Counties

Outcome	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Percentage Change
Income and poverty (qtrs 2-7)				
Measured income from earnings and/or welfare ($)	24,210	23,474	736	3.1
Percent with income below the poverty line	67.1	67.5	-0.4	-0.6
Income sources (qtr 7)				
Percent with earnings exceeding welfare	38.6	48.7	-10.1 ***	-20.7
Percent with no earnings and no welfare	9.9	11.7	-1.8	-15.4
Percent with no earnings and some welfare	29.1	26.8	2.3	8.6
Percent with earnings and no welfare	15.2	28.1	-12.9 ***	-45.9
Percent with earnings and welfare	45.9	33.4	12.5 ***	37.4
Sample size (total = 945)	476	469		

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits of AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Earnings is measured as the sum of both spouses' earnings.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

MFIP versus 48.7 percent for the AFDC-UP group), and, as the last row of the table indicates, they were much more likely than their AFDC-UP counterparts to combine welfare and work.

B. Applicants

Table 5.8 presents impacts on employment and earnings for two-parent families who were new applicants for welfare. Because the sample sizes are very small, the following results are only suggestive. Not surprisingly, employment rates for both women and men were much higher among applicants than among recipients. Employment rates for MFIP women were somewhat higher than for AFDC-UP women, but none of these differences is statistically significant. In addition, earnings were generally higher for the MFIP women. MFIP had smaller effects on men's employment rates and, in contrast to the results for men in recipient families, earnings tended to be higher for men in MFIP. In general, MFIP families had lower employment and earnings in the early quarters and higher employment and earnings in the later quarters.

Table 5.9 presents impacts on welfare receipt. MFIP families were significantly more likely to receive welfare and received higher average payments in quarters 1 through 4. However, by the end of the follow-up period, only about 30 percent of families in each group received welfare. By quarter 7, then, MFIP might be expected to have little effect on employment behavior, since the majority of families were not receiving MFIP or AFDC benefits.[7]

MFIP's impacts on income and poverty are presented in Table 5.10. MFIP families had higher income in quarters 2 through 7 and were less likely to be in poverty during this period, but only the latter difference is statistically significant. The "Income sources" panel indicates that MFIP had little effect on the extent of self-sufficiency or the extent to which families combine welfare and work.

V. Conclusion

MFIP had limited success in the first seven quarters of follow-up with two-parent families. Among recipient families, although MFIP did not affect the likelihood that at least one parent worked, it reduced the likelihood that both parents worked. Family earnings were also reduced.

These results stand in stark contrast to the findings for single-parent recipients and may result from a variety of factors. Since women in two-parent families were likely to have a partner who was working or could potentially work, they may have been more likely or able to respond to MFIP's more generous benefits by reducing their employment and hours worked.[8] This pattern of results is consistent with the effects of the negative income tax experiments, conducted in the

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[7] An examination of the types of benefits received indicated that throughout most of the follow-up period, about 50 percent of AFDC families receiving welfare received only Food Stamps, while the remaining half received AFDC and Food Stamps.

[8] Although the sample sizes in the 12-month survey are too small to analyze hours worked for two-parent families, this issue will be addressed in the final report using data from the 36-month survey.

Table 5.8

Impacts on Employment and Earnings for MFIP and AFDC-UP Two-Parent Family Applicants, in Urban Counties

	Women			Men			Families		
Outcome	MFIP (1)	AFDC-UP (2)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (3)	MFIP (4)	AFDC-UP (5)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (6)	MFIP (7)	AFDC-UP (8)	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages (9)
Ever employed (%)									
Quarters 2-7	71.0	69.2	1.8	78.1	80.4	-2.4	90.4	90.6	-0.2
Quarter 1	45.4	47.3	-2.0	65.0	65.2	-0.2	79.2	78.7	0.6
Quarter 2	47.4	49.2	-1.8	61.5	62.2	-0.6	80.9	75.2	5.7
Quarter 3	48.0	51.3	-3.3	60.4	67.1	-6.8	74.7	77.9	-3.2
Quarter 4	45.1	51.5	-6.5	63.8	66.4	-2.6	73.3	79.9	-6.6
Quarter 5	52.4	49.6	2.8	62.0	62.9	-0.9	77.9	74.8	3.1
Quarter 6	53.9	46.9	7.0	61.7	61.3	0.3	77.5	74.6	2.9
Quarter 7	50.4	48.3	2.0	63.9	62.5	1.4	75.7	76.9	-1.1
Average earnings ($)									
Quarters 2-7	8,432	7,955	477	15,016	14,887	129	23,449	22,842	606
Quarter 1	844	807	37	1,783	1,809	-26	2,627	2,616	11
Quarter 2	1,051	1,135	-84	2,020	2,151	-131	3,071	3,286	-215
Quarter 3	1,227	1,295	-68	2,360	2,451	-91	3,587	3,746	-159
Quarter 4	1,320	1,292	28	2,508	2,368	139	3,828	3,661	167
Quarter 5	1,682	1,364	318	2,670	2,531	139	4,352	3,895	457
Quarter 6	1,612	1,374	238	2,642	2,576	66	4,254	3,950	304
Quarter 7	1,541	1,495	46	2,816	2,809	7	4,357	4,304	53
Sample size (total = 304)	149	155		149	155		149	155	

(continued)

Table 5.8 (continued)

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Family employment measures the percentage of families for which at least one parent is employed. Family earnings measures the sum of both spouses' earnings.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 5.9

Impacts on Welfare Receipt for MFIP and AFDC-UP Two-Parent Family Applicants, in Urban Counties

Outcome	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Ever received welfare (%)			
Quarters 2-7	79.4	64.3	15.1 ***
Quarter 1	72.1	59.7	12.4 **
Quarter 2	74.2	53.2	21.0 ***
Quarter 3	55.9	44.3	11.6 *
Quarter 4	51.1	34.8	16.3 ***
Quarter 5	41.4	35.6	5.8
Quarter 6	36.2	33.6	2.6
Quarter 7	29.0	30.9	-1.9
Welfare payments ($)			
Quarters 2-7	5,105	3,363	1,743 ***
Quarter 1	745	513	232 ***
Quarter 2	1,331	796	535 ***
Quarter 3	1,020	596	425 ***
Quarter 4	963	568	396 ***
Quarter 5	681	526	155
Quarter 6	601	477	123
Quarter 7	509	401	109
Sample size (total = 304)	149	155	

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits of AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for families not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table 5.10

Impacts on Income and Poverty for MFIP and AFDC-UP Two-Parent Family Applicants, in Urban Counties

Outcome	MFIP	AFDC-UP	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Percentage Change
Income and poverty (qtrs 2-7)				
Measured income from earnings and/or welfare ($)	28,554	26,205	2,349	9.0
Percent with income below the poverty line	38.5	48.2	-9.7 *	-20.1
Income sources (qtr 7)				
Percent with earnings exceeding welfare	69.7	72.4	-2.7	-3.7
Percent with no earnings and no welfare	17.3	18.2	-1.0	-5.3
Percent with no earnings and some welfare	7.0	4.9	2.1	43.5
Percent with earnings and no welfare	53.8	50.9	2.9	5.7
Percent with earnings and welfare	22.0	26.0	-4.0	-15.5
Sample size (total = 304)	149	155		

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits of AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Earnings is measured as the sum of both spouses' earnings.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

1970s,[9] in which married women reduced their labor force participation fairly substantially compared with single women. The men in the MFIP families also reduced their work effort somewhat, either in response to MFIP's financial incentives or because the work requirements of AFDC are stricter for primary wage-earners. In addition, evidence from case managers and the client survey suggests that many recipient two-parent families have problems that may hinder their employment even in good economic times. The men in these families may not be willing or able to work, opting instead to accept the MFIP sanction.

Differences in welfare receipt may also explain part of the employment and earnings impacts. First, many more MFIP families received welfare by the end of the follow-up period and were thus subject to the work disincentives of a transfer program. Second, as noted earlier, a significant fraction of AFDC-UP families who received welfare were receiving Food Stamps only. As noted in Appendix D, MFIP is expected to reduce hours worked when compared with the Food Stamp program.

Finally, although the results are tentative, MFIP appears to have had little effect on the behavior of applicants for welfare, producing no statistically significant changes in employment or earnings. Although MFIP increased welfare receipt in the early quarters, the effects did not persist. The lack of impacts for applicant families is consistent with the fact that most two-parent families in the sample used welfare as short-term assistance.

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[9] See Robins, 1985.

Appendix A

Selected Characteristics, Opinions, and Attitudes of MFIP Report Sample Members, by County

Table A.1

Selected Characteristics of Single-Parent MFIP Report Sample Members from Urban Counties

Characteristic	Anoka	Dakota	Hennepin
Demographic characteristics			
Gender (%)			
Female	93.9	93.3	92.0
Male	6.1	6.7	8.1
Age (%)			
Under 20	9.1	11.4	10.2
20-24	23.8	25.0	24.7
25-34	45.5	40.5	40.2
35-44	19.0	20.7	20.9
45 and over	2.7	2.4	4.0
Average age (years)	29.2	29.1	29.6
Race/Ethnicity (%)			
White, non-Hispanic	92.8	79.4	39.8
Black, non-Hispanic	3.4	8.9	44.4
Hispanic	0.7	5.3	4.4
Native American/Alaskan Native	1.8	2.4	7.9
Asian/Pacific Islander	1.3	3.9	3.5
Family status			
Marital status (%)			
Never married	46.9	50.5	64.6
Married, living with spouse	0.2	0.1	0.6
Married, living apart	21.6	18.4	14.6
Separated	3.7	3.1	2.4
Divorced	27.4	27.3	16.4
Widowed	0.3	0.6	1.4
Age of youngest child in years (%)			
Under 3, or client pregnant at the time of random assignment	44.4	46.7	48.0
3-5	24.3	22.5	21.5
6-18	31.3	30.8	30.5
Labor force status			
Worked full-time for 6 months or more for one employer (%)	73.7	67.6	57.4
Any earnings in past 12 months (%)	65.1	65.7	49.3

(continued)

Table A.1 (continued)

Characteristic	Anoka	Dakota	Hennepin
Currently employed (%)	22.9	21.3	14.6
Average hourly wage[a] ($)	6.31	6.40	6.54
Average hours worked per week[b] (%)			
1-19	39.3	41.6	33.9
20-29	29.6	30.7	28.1
30 or more	31.1	27.7	38.1
Never worked (%)	3.6	5.0	11.3
Education status			
Highest credential earned (%)			
GED certificate[c]	16.5	11.3	14.5
High school diploma	50.2	42.4	43.4
Technical/2-year college degree	12.2	19.1	8.8
4-year college degree or higher	1.8	3.8	3.0
None of the above	19.3	23.4	30.4
Highest grade completed in school (average)	11.6	11.9	11.6
Welfare status			
New applicant (%)	52.7	55.9	38.0
Re-applicant/recipient (%)	47.3	44.1	62.0
Prior welfare receipt			
Total prior AFDC receipt[d] (%)			
None	39.6	45.1	33.0
Less than 4 months	3.0	2.4	2.2
4 months or more but less than 1 year	8.8	7.2	6.4
1 year or more but less than 2 years	10.1	9.0	9.1
2 years or more but less than 5 years	19.9	17.8	22.1
5 years or more but less than 10 years	13.2	13.1	15.6
10 years or more	5.4	5.5	11.5
Resided as a child in a household receiving AFDC (%)			
Yes, aid received 5 years or more	7.1	8.8	18.5
Yes, aid received less than 5 years	8.6	9.0	8.5
No	73.3	76.5	64.6
Don't know	11.0	5.7	8.4

(continued)

Table A.1 (continued)

Characteristic	Anoka	Dakota	Hennepin
MFIP employment and training mandates[e]			
Met MFIP criteria for participation in mandatory employment and training services[f] (%)	36.9	35.7	47.5
Parent under age 20, no high school diploma/GED	4.8	6.5	5.8
Recipient of AFDC 24 of past 36 months	28.9	29.4	42.4
STRIDE eligibility[g]			
In STRIDE target group[f] (%)	47.6	49.8	56.4
Parent under age 24 (18-23), no high school diploma/GED	8.7	11.1	12.2
Parent under age 24 (18-23), limited work experience	16.5	24.7	19.3
Recipient of AFDC 36 of past 60 months	28.2	24.6	35.3
Youngest child age 16 or over	0.6	1.8	0.9
Housing status			
Current housing status (%)			
Public housing	1.4	2.4	4.9
Subsidized housing	11.7	30.5	16.2
Emergency or temporary housing	1.6	3.3	3.9
None of the above	85.3	63.8	75.1
Number of moves in the past 2 years (%)			
None	32.6	30.0	24.3
1 or 2	50.1	52.9	55.9
3 or more	17.3	17.1	19.8
Current and recent education and training activities			
Currently enrolled in education or training[f] (%)			
Any type	18.3	23.4	18.4
GED preparation	1.6	2.8	3.7
English as a Second Language	0.2	0.4	0.6
Adult Basic Education	0.2	1.4	0.4
Vocational education/skills training	5.6	5.0	3.9
Post-secondary education	7.7	9.7	7.1
Job search/job club	1.8	3.7	1.5
Work experience	0.3	0.5	0.6
High school	1.6	1.8	1.5
If enrolled, program is part of a STRIDE plan	35.6	20.4	36.9

(continued)

Table A.1 (continued)

Characteristic	Anoka	Dakota	Hennepin
Enrolled in education or training during the previous 12 months[f] (%)			
Any type	26.6	23.4	24.6
GED preparation	3.0	3.3	4.9
English as a Second Language	0.2	1.0	0.9
Adult Basic Education	0.8	1.3	0.9
Vocational education/skills training	7.4	5.5	5.5
Post-secondary education	10.0	7.9	7.9
Job search/job club	2.5	3.4	2.1
Work experience	1.3	1.1	1.0
High school	3.0	3.2	3.2
If enrolled, program was part of a STRIDE plan	33.1	18.5	31.8
Sample size (total = 6,617)	638	792	5,187

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

Rounding may cause slight discrepancies between sums and differences.

[a] Percentages are calculated for those employed at the time of random assignment who reported an hourly wage. Seventeen percent of those employed were excluded because they did not report an hourly wage.

[b] Percentages are calculated for those employed at the time of random assignment.

[c] The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d] This refers to the total number of months an individual or her spouse has spent on AFDC at one or more periods of time as an adult. It does not include AFDC receipt under a parent's name.

[e] Only those assigned to the MFIP group are subject to these mandates.

[f] Totals may not equal all the categories summed because some sample members may be in more than one category.

[g] Only those assigned to the AFDC group are subject to these rules.

Table A.2

Selected Characteristics of Two-Parent MFIP Report Sample Members from Urban Counties

Characteristic	Anoka	Dakota	Hennepin
Demographic characteristics			
Gender (%)			
Female	92.7	88.3	87.8
Male	7.3	11.7	12.2
Age (%)			
Under 20	6.2	5.6	5.0
20-24	31.4	23.0	21.0
25-34	43.8	45.4	44.1
35-44	15.2	16.8	21.5
45 and over	3.3	9.2	8.4
Average age (years)	29.1	30.7	31.4
Race/Ethnicity (%)			
White, non-Hispanic	85.6	70.3	41.0
Black, non-Hispanic	5.0	6.7	23.5
Hispanic	1.0	9.7	5.4
Native American/Alaskan Native	2.5	1.5	7.8
Asian/Pacific Islander	6.0	11.8	22.4
Family status			
Marital status (%)			
Never married	29.6	21.4	25.2
Married, living with spouse	62.1	71.9	70.0
Married, living apart	0.0	0.5	1.8
Separated	0.5	0.0	0.2
Divorced	7.3	6.1	2.8
Widowed	0.5	0.0	0.0
Age of youngest child in years (%)			
Under 3, or client pregnant at the time of random assignment	59.3	57.5	58.2
3-5	20.1	20.2	20.0
6-18	20.6	22.3	21.9
Labor force status			
Worked full-time for 6 months or more for one employer (%)	58.5	58.7	49.9
Any earnings in past 12 months (%)	55.9	52.6	38.5

(continued)

Table A.2 (continued)

Characteristic	Anoka	Dakota	Hennepin
Currently employed (%)	19.5	18.4	12.6
Average hourly wage[a] ($)	6.30	6.37	6.82
Average hours worked per week[b] (%)			
1-19	50.0	41.7	34.3
20-29	23.7	27.8	19.4
30 or more	26.3	30.6	46.3
Never worked (%)	9.7	9.4	26.2
Education status			
Highest credential earned (%)			
GED certificate[c]	16.6	11.2	10.5
High school diploma	44.9	40.8	37.5
Technical/2-year college degree	8.3	13.3	7.6
4-year college degree or higher	2.9	2.6	4.4
None of the above	27.3	32.1	40.1
Highest grade completed in school (average)	11.2	11.1	10.2
Welfare status			
New applicant (%)	27.1	36.2	23.5
Re-applicant/recipient (%)	72.9	63.8	76.5
Prior welfare receipt			
Total prior AFDC receipt[d] (%)			
None	28.1	27.6	20.8
Less than 4 months	2.0	3.1	2.4
4 months or more but less than 1 year	12.2	12.8	10.3
1 year or more but less than 2 years	11.2	12.2	11.3
2 years or more but less than 5 years	25.0	20.9	26.0
5 years or more but less than 10 years	13.8	18.9	18.7
10 years or more	7.7	4.6	10.4
Resided as a child in a household receiving AFDC (%)			
Yes, aid received 5 years or more	7.1	7.1	13.7
Yes, aid received less than 5 years	7.1	8.7	5.8
No	79.8	77.0	74.0
Don't know	6.1	7.1	6.5

(continued)

Table A.2 (continued)

Characteristic	Anoka	Dakota	Hennepin
MFIP employment and training mandates[e]			
Met MFIP criteria for participation in mandatory employment and training services[f] (%)	53.8	52.8	58.6
Parent under age 20, no high school diploma/GED	2.7	4.1	2.9
Recipient of AFDC 24 of past 36 months	48.7	50.3	56.7
STRIDE eligibility[g]			
In STRIDE target group[f] (%)	66.8	61.5	63.2
Parent under age 24 (18-23), no high school diploma/GED	9.2	10.2	8.9
Parent under age 24 (18-23), limited work experience	20.1	16.9	16.6
Recipient of AFDC 36 of past 60 months	34.8	29.7	35.7
Youngest child age 16 or over	0.0	2.1	0.8
Primary wage earner	23.9	24.1	17.6
Housing status			
Current housing status (%)			
Public housing	3.9	3.6	9.5
Subsidized housing	13.1	33.2	11.9
Emergency or temporary housing	1.0	1.5	6.5
None of the above	82.0	61.7	72.1
Number of moves in the past 2 years (%)			
None	31.7	30.4	29.6
1 or 2	43.1	50.8	52.5
3 or more	25.3	18.9	17.9
Current and recent education and training activities			
Currently enrolled in education or training[f] (%)			
Any type	15.1	16.3	20.0
GED preparation	1.5	1.5	2.1
English as a Second Language	4.9	3.6	7.5
Adult Basic Education	0.5	3.1	0.6
Vocational education/skills training	2.9	3.1	5.0
Post-secondary education	3.4	1.5	3.7
Job search/job club	2.4	4.6	1.8
Work experience	0.5	0.5	0.4
High school	0.5	1.0	0.6
If enrolled, program is part of a STRIDE plan	29.6	30.0	23.6

(continued)

Table A.2 (continued)

Characteristic	Anoka	Dakota	Hennepin
Enrolled in education or training during the previous 12 months[f] (%)			
Any type	26.2	24.5	27.0
GED preparation	4.0	4.1	3.3
English as a Second Language	5.0	4.6	8.7
Adult Basic Education	0.5	2.6	1.0
Vocational education/skills training	5.5	3.1	6.5
Post-secondary education	5.5	4.1	4.1
Job search/job club	5.9	6.1	2.5
Work experience	1.5	1.0	0.9
High school	1.0	1.5	1.6
If enrolled, program was part of a STRIDE plan	40.9	22.9	20.6
Sample size (total = 1,331)	210	196	925

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

Rounding may cause slight discrepancies in sums and differences.

[a] Percentages are calculated for those employed at the time of random assignment who reported an hourly wage. Seventeen percent of those employed were excluded because they did not report an hourly wage.

[b] Percentages are calculated for those employed at the time of random assignment.

[c] The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d] This refers to the total number of months an individual or her spouse has spent on AFDC at one or more periods of time as an adult. It does not include AFDC receipt under a parent's name.

[e] Only those assigned to the MFIP group are subject to these mandates.

[f] Totals may not equal all the categories summed because some sample members may be in more than one category.

[g] Only those assigned to the AFDC group are subject to these rules.

Table A.3

Attitudes and Opinions of Single-Parent MFIP Report Sample Members from Urban Counties

Attitude or Opinion	Anoka	Dakota	Hennepin
Client-reported barriers to employment			
Among those not currently employed, the percent who agreed or agreed a lot that they could not work part-time right now for the following reasons:[a]			
No way to get there every day	34.5	39.9	44.0
Cannot arrange for child care	48.5	56.6	54.3
A health or emotional problem, or a family member with a health or emotional problem	21.8	32.8	27.5
Too many family problems	21.6	32.6	30.1
Already have too much to do during the day	18.7	22.1	25.1
Any of the above five reasons	73.2	81.9	79.4
Among those currently working less than 30 hours a week, the percent who agreed or agreed a lot that they could not work full-time right now for the following reasons:[b]			
Cannot arrange for child care	40.0	38.6	39.9
A health or emotional problem, or a family member with a health or emotional problem	26.2	21.8	23.5
Too many family problems	30.8	23.9	21.2
Any of the above three reasons	58.5	56.8	58.5
Client-reported preferred activities			
Given the following choices, percent expressing a consistent preference for one of the following activities:[c]			
Staying home to take care of family	11.5	14.3	10.2
Going to school to learn a job skill	49.6	48.2	42.7
Going to school to study basic reading and math	3.3	4.3	6.1
Getting a part-time job	5.6	6.1	6.9
Getting a full-time job	29.9	27.1	34.1
Percent who agreed or agreed a lot that they:			
Prefer not to work so they can take care of their families full-time	34.0	39.0	33.4
Do not want a job because they would miss their children too much	15.8	13.9	13.0
Like going to school	77.3	81.6	79.4

(continued)

Table A.3 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
Cannot go to school or job training program right now because they are afraid to leave children in day care or with a babysitter	15.7	14.2	19.2
Percent who agreed or agreed a lot that children who go to day care or preschool learn more than children who stay home with their mothers	47.8	50.3	57.0
Percent who, if they had a choice, would prefer to work at a:			
Part-time job	29.8	33.0	32.3
Full-time job	70.2	67.0	67.7
Client-reported employment expectations			
If someone offered client a job that could support her family a little better than welfare, percent who would likely or very likely take the job if:			
Client didn't like work	51.9	47.0	51.3
Client had to work at night once in a while	63.2	69.6	66.0
The job was in a fast-food restaurant like McDonald's	26.8	24.6	27.3
It took more than an hour to get there	23.7	24.7	32.7
Minimum hourly wage at which the client would take a full-time job			
With no medical benefits (%):			
$4	0.0	0.5	0.4
$5	3.7	2.7	2.9
$6	7.2	6.0	7.9
$7	11.0	8.7	11.4
$8	21.7	20.8	21.4
$10	17.8	16.1	15.4
$12	13.3	16.4	11.8
$15	14.3	12.1	11.6
$20 or more	11.0	16.8	17.3
Median ($)	10.00	10.00	10.00
Mode ($)	8.00	8.00	8.00
Mean ($)	10.84	11.53	11.29

(continued)

Table A.3 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
With full medical benefits (%):			
$4	0.0	0.5	0.5
$5	5.3	4.7	4.7
$6	16.6	13.5	13.7
$7	21.4	14.1	17.3
$8	23.9	26.0	25.0
$10	17.5	20.4	18.8
$12	12.2	11.9	9.8
$15	3.0	7.0	6.7
$20 or more	0.2	2.0	3.5
Median ($)	8.00	8.00	8.00
Mode ($)	8.00	8.00	8.00
Mean ($)	8.37	9.04	9.05
With full medical benefits, and the welfare department would let client continue to get most of the welfare check (%):			
$4	5.4	5.5	3.6
$5	20.5	15.9	15.5
$6	20.7	23.0	21.4
$7	16.9	12.1	17.2
$8	18.6	23.9	18.6
$10	11.8	10.4	13.6
$12	4.5	4.8	4.5
$15	1.2	2.7	2.8
$20 or more	0.5	1.6	2.9
Median ($)	7.00	7.00	7.00
Mode ($)	6.00	8.00	6.00
Mean ($)	7.14	7.50	7.79
Approximate average worth of employer-provided medical benefits per hour ($)	2.49	2.52	2.32
If client could get $800 a month, plus Medicaid and free child care, percent who would prefer:			
Getting all the money by working 40 hours a week	55.7	54.6	52.4
Getting half from welfare and half by working 20 hours a week	44.3	45.4	47.6

(continued)

Table A.3 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
If client could keep most of the welfare check and also keep any money earned from a $6/hour job, number of hours she/he would want to work (%):			
0	2.9	3.6	4.4
5 - 10	3.3	5.3	6.5
15 - 20	17.3	15.3	15.9
25 - 30	24.5	19.8	21.1
Over 30	52.0	56.1	52.1
Percent who agreed or agreed a lot that:			
It will probably take them more than a year to a get a full-time job and get off welfare	48.6	57.6	56.5
They would take a full-time job today, even if the job paid less than welfare	16.1	21.1	16.7
If they got a job, they could find someone they trusted to take care of their children	76.0	77.1	74.3
A year from now they expect to be working	83.4	83.3	82.4
A year from now they expect to be receiving welfare	25.2	28.5	30.8
Client employment-related activities			
Time spent looking for a job during the past 3 months (%):			
Not at all	43.9	36.2	43.9
Some/a little	25.4	30.4	29.5
A moderate amount	19.7	20.3	16.2
A great deal	11.0	13.1	10.4
In the past 4 weeks, approximate number of employers, if any, client contacted (by telephone, mail, or in person) to apply for a job or ask about job openings (%):			
None	54.0	53.8	56.9
1 - 2	18.1	20.6	18.5
3 - 5	14.1	15.4	14.2
6 - 10	7.8	5.7	5.9
More than 10	6.1	4.5	4.5

(continued)

Table A.3 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
Percent planning to be in school or training program in the next few months	40.5	49.2	50.6
Client-reported attitudes toward welfare			
Percent who agreed or agreed a lot with the following statements:			
I feel that people look down on me for being on welfare	65.5	66.7	54.3
I am ashamed to admit to people that I am on welfare	64.8	65.8	49.8
Right now, being on welfare provides for my family better than I could by working	60.7	63.5	55.9
I think it is better for my family that I stay on welfare than work at a job	20.1	21.0	16.4
Client-reported social support network			
Percent who agreed or agreed a lot with the following statements:			
Among my family, friends, and neighbors, I am one of the only people who is on welfare	60.6	57.2	36.9
When I have trouble or need help, I have someone to talk to	81.6	80.2	75.5
Client-reported sense of efficacy			
Percent who agreed or agreed a lot with the following statements:			
I have little control over the things that happen to me	14.2	20.4	20.0
I often feel angry that people like me never have a chance to succeed	36.1	40.7	38.2
Sometimes I feel that I'm being pushed around in life	41.8	47.7	41.8
There is little I can do to change many of the important things in my life	23.0	31.4	30.7
All of the above	6.5	9.2	6.1
None of the above	38.8	33.5	33.9
Sample size (total = 4,556)	447	586	3,523

(continued)

Table A.3 (continued)

SOURCE: MDRC calculations using data from Private Opinion Survey data.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

In most categories, individuals could agree or agree a lot with more than one statement. Multiple responses were not possible in the following item groupings: client-reported preferred activities, client-reported employment-related activities, and client-reported acceptable wages.

[a] Part-time is defined as a minimum of 10 hours per week.

[b] Full-time is defined as 40 hours per week.

[c] Percentages are calculated for those with a consistent preference.

Table A.4

Attitudes and Opinions of Two-Parent MFIP Report Sample Members from Urban Counties

Attitude or Opinion	Anoka	Dakota	Hennepin
Client-reported barriers to employment			
Among those not currently employed, the percent who agreed or agreed a lot that they could not work part-time right now for the following reasons:[a]			
No way to get there every day	45.8	49.5	50.3
Cannot arrange for child care	65.3	62.0	60.9
A health or emotional problem, or a family member with a health or emotional problem	32.0	37.2	32.1
Too many family problems	40.8	37.9	36.8
Already have too much to do during the day	27.1	33.3	36.1
Any of the above five reasons	82.0	86.5	85.8
Among those currently working less than 30 hours a week, the percent who agreed or agreed a lot that they could not work full-time right now for the following reasons:[b]			
Cannot arrange for child care	20.0	41.7	46.7
A health or emotional problem, or a family member with a health or emotional problem	46.7	21.4	26.7
Too many family problems	20.0	28.6	30.0
Any of the above three reasons	53.3	66.7	63.3
Client-reported preferred activities			
Given the following choices, percent expressing a consistent preference for one of the following activities:[c]			
Staying home to take care of family	21.8	22.3	17.0
Going to school to learn a job skill	36.4	35.0	39.9
Going to school to study basic reading and math	9.1	5.8	8.5
Getting a part-time job	9.1	10.7	5.0
Getting a full-time job	23.6	26.2	29.7
Percent who agreed or agreed a lot that they:			
Prefer not to work so they can take care of their families full-time	45.5	53.4	44.4
Do not want a job because they would miss their children too much	26.8	22.4	16.2
Like going to school	74.6	73.5	80.3

(continued)

Table A.4 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
Cannot go to school or job training program right now because they are afraid to leave children in day care or with a babysitter	31.6	29.7	30.5
Percent who agreed or agreed a lot that children who go to day care or preschool learn more than children who stay home with their mothers	48.0	46.2	54.7
Percent who, if they had a choice, would prefer to work at a:			
Part-time job	45.4	45.1	37.5
Full-time job	54.6	54.9	62.5
Client-reported employment expectations			
If someone offered client a job that could support her family a little better than welfare, percent who would likely or very likely take the job if:			
Client didn't like work	47.9	45.3	46.1
Client had to work at night once in a while	68.4	69.5	65.9
The job was in a fast-food restaurant like McDonald's	34.2	22.4	31.9
It took more than an hour to get there	26.1	16.4	30.4
Minimum hourly wage at which the client would take a full-time job			
With no medical benefits (%):			
$4	0.0	0.0	0.7
$5	3.4	4.5	3.6
$6	8.5	6.3	8.3
$7	10.2	13.4	11.4
$8	18.6	21.4	22.8
$10	19.5	19.6	14.7
$12	11.0	8.9	8.0
$15	15.3	11.6	12.7
$20 or more	13.6	14.3	17.9
Median ($)	10.00	10.00	10.00
Mode ($)	10.00	8.00	8.00
Mean ($)	11.15	10.88	11.24

(continued)

Table A.4 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
With full medical benefits (%):			
$4	0.0	0.0	0.9
$5	5.9	5.2	4.6
$6	19.5	12.2	15.1
$7	17.8	22.6	20.6
$8	24.6	33.0	26.7
$10	14.4	16.5	17.1
$12	12.7	5.2	6.1
$15	4.2	5.2	5.9
$20 or more	0.9	0.0	3.1
Median ($)	8.00	8.00	8.00
Mode ($)	8.00	8.00	8.00
Mean ($)	8.45	8.28	8.69
With full medical benefits, and the welfare department would let client continue to get most of the welfare check (%):			
$4	2.6	3.7	3.6
$5	23.5	17.4	19.6
$6	19.1	25.7	25.6
$7	14.8	19.3	15.3
$8	20.9	18.4	16.7
$10	13.0	8.3	10.2
$12	2.6	4.6	4.0
$15	3.5	1.8	3.3
$20 or more	0.0	0.9	1.8
Median ($)	7.00	7.00	7.00
Mode ($)	5.00	6.00	6.00
Mean ($)	7.27	7.21	7.42
Approximate average worth of employer-provided medical benefits per hour ($)	2.70	2.60	2.66
If client could get $800 a month, plus Medicaid and free child care, percent who would prefer:			
Getting all the money by working 40 hours a week	50.0	49.5	49.1
Getting half from welfare and half by working 20 hours a week	50.0	50.5	50.9

(continued)

Table A.4 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
If client could keep most of the welfare check and also keep any money earned from a $6/hour job, number of hours tehy would want to work (%):			
0	1.7	4.5	8.2
5 - 10	5.2	3.6	7.6
15 - 20	12.2	16.1	17.8
25 - 30	26.1	25.0	16.3
Over 30	54.8	50.9	50.1
Percent who agreed or agreed a lot that:			
It will probably take them more than a year to a get a full-time job and get off welfare	52.6	57.0	52.0
They would take a full-time job today, even if the job paid less than welfare	14.7	18.0	17.6
If they got a job, they could find someone they trusted to take care of their children	71.8	69.8	69.3
A year from now they expect to be working	79.8	77.8	79.3
A year from now they expect to be receiving welfare	19.5	36.2	28.1
Client employment-related activities			
Time spent looking for a job during the past 3 months (%):			
Not at all	39.5	39.3	49.0
Some/a little	39.5	30.8	26.9
A moderate amount	13.2	17.1	16.1
A great deal	7.9	12.8	8.0
In the past 4 weeks, approximate number of employers, if any, client contacted (by telephone, mail, or in person) to apply for a job or ask about job openings (%):			
None	54.7	53.0	63.2
1 - 2	20.5	22.2	15.2
3 - 5	12.0	8.6	12.6
6 - 10	6.0	10.3	6.0
More than 10	6.8	6.0	3.1

(continued)

Table A.4 (continued)

Attitude or Opinion	Anoka	Dakota	Hennepin
Percent planning to be in school or training program in the next few months	31.6	31.5	40.2
Client-reported attitudes toward welfare			
Percent who agreed or agreed a lot with the following statements:			
I feel that people look down on me for being on welfare	63.8	75.9	58.3
I am ashamed to admit to people that I am on welfare	48.7	70.3	51.7
Right now, being on welfare provides for my family better than I could by working	54.5	55.6	55.4
I think it is better for my family that I stay on welfare than work at a job	19.0	27.0	16.3
Client-reported social support network			
Percent who agreed or agreed a lot with the following statements:			
Among my family, friends, and neighbors, I am one of the only people who is on welfare	40.7	45.3	36.6
When I have trouble or need help, I have someone to talk to	86.1	80.5	80.7
Client-reported sense of efficacy			
Percent who agreed or agreed a lot with the following statements:			
I have little control over the things that happen to me	23.1	28.5	25.1
I often feel angry that people like me never have a chance to succeed	40.9	50.0	45.3
Sometimes I feel that I'm being pushed around in life	33.6	49.1	45.4
There is little I can do to change many of the important things in my life	28.0	40.3	32.2
All of the above	6.2	8.1	10.2
None of the above	38.1	20.7	28.3
Sample size (total = 783)	125	122	536

(continued)

Table A.4 (continued)

SOURCE: MDRC calculations using data from Private Opinion Survey data.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

In most categories, individuals could agree or agree a lot with more than one statement. Multiple responses were not possible in the following item groupings: client-reported preferred activities, client-reported employment-related activities, and client-reported acceptable wages.

[a] Part-time is defined as a minimum of 10 hours per week.

[b] Full-time is defined as 40 hours per week.

[c] Percentages are calculated for those with a consistent preference.

Table A.5

Selected Characteristics of Single-Parent MFIP Report Sample Members from Rural Counties

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
Demographic characteristics				
Gender (%)				
Female	90.3	95.8	95.7	92.2
Male	9.7	4.2	4.3	7.8
Age (%)				
Under 20	4.2	4.7	6.6	9.2
20-24	24.7	19.4	29.0	25.2
25-34	45.6	46.6	42.2	36.2
35-44	23.0	23.6	21.0	23.4
45 and over	2.5	5.8	1.2	6.0
Average age (years)	30.1	31.2	29.1	30.5
Race/Ethnicity (%)				
White, non-Hispanic	75.2	96.8	96.2	98.1
Black, non-Hispanic	0.0	0.0	0.6	0.5
Hispanic	1.7	0.5	0.9	0.0
Native American/Alaskan Native	23.1	2.1	2.1	0.5
Asian/Pacific Islander	0.0	0.5	0.3	0.9
Family status				
Marital status (%)				
Never married	47.3	32.4	39.2	33.2
Married, living with spouse	0.8	0.5	0.3	0.5
Married, living apart	22.4	24.9	21.5	21.7
Separated	1.3	2.7	4.4	2.8
Divorced	28.3	38.9	34.3	41.0
Widowed	0.0	0.5	0.3	0.9
Age of youngest child in years (%)				
Under 3, or client pregnant at the time of random assignment	43.7	33.5	42.8	36.6
3-5	17.5	26.1	27.8	23.5
6-18	38.9	40.4	29.5	39.9
Labor force status				
Worked full-time for 6 months or more for one employer (%)	68.8	63.2	75.7	74.2
Any earnings in past 12 months (%)	58.7	47.9	62.8	65.0

(continued)

Table A.5 (continued)

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
Currently employed (%)	19.8	25.4	29.7	31.3
Average hourly wage[a] ($)	5.91	5.15	5.86	5.67
Average hours worked per week[b] (%)				
1-19	40.4	39.6	33.3	40.3
20-29	25.5	31.3	24.5	17.9
30 or more	34.0	29.2	42.2	41.8
Never worked (%)	6.3	8.5	1.6	2.0
Education status				
Highest credential earned (%)				
GED certificate[c]	15.1	11.1	15.0	8.8
High school diploma	44.1	49.5	52.2	57.6
Technical/2-year college degree	12.2	9.5	13.0	18.4
4-year college degree or higher	0.4	2.1	1.4	1.4
None of the above	28.2	27.9	18.4	13.8
Highest grade completed in school (average)	11.5	11.8	12.0	12.0
Welfare status				
New applicant (%)	18.4	14.1	23.0	19.3
Re-applicant/recipient (%)	81.6	85.9	77.0	80.7
Prior welfare receipt				
Total prior AFDC receipt[d] (%)				
None	14.5	10.1	20.4	15.7
Less than 4 months	4.3	1.6	3.2	5.5
4 months or more but less than 1 year	8.1	10.1	9.6	11.5
1 year or more but less than 2 years	10.3	10.1	14.5	13.8
2 years or more but less than 5 years	33.3	31.9	30.8	30.9
5 years or more but less than 10 years	18.8	18.1	15.1	16.6
10 years or more	10.7	18.1	6.4	6.0
Resided as a child in a household receiving AFDC (%)				
Yes, aid received 5 years or more	10.1	14.3	5.5	6.5
Yes, aid received less than 5 years	9.7	5.3	8.7	8.3
No	71.3	75.7	81.2	80.6
Don't know	8.9	4.2	4.6	4.6

(continued)

Table A.5 (continued)

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
MFIP employment and training mandates[e]				
Met MFIP criteria for participation in mandatory employment and training services[f] (%)	47.4	58.0	40.7	41.5
Parent under age 20, no high school diploma/GED	2.5	2.7	3.2	2.8
Recipient of AFDC 24 of past 36 months	45.7	55.6	37.8	38.7
STRIDE eligibility[g]				
In STRIDE target group[f] (%)	59.9	64.2	54.2	46.1
Parent under age 24 (18-23), no high school diploma/GED	7.6	6.3	7.5	6.5
Parent under age 24 (18-23), limited work experience	18.1	14.8	16.7	14.8
Recipient of AFDC 36 of past 60 months	40.9	49.2	35.5	32.7
Youngest child age 16 or over	2.5	3.2	1.4	4.6
Housing status				
Current housing status (%)				
Public housing	2.9	4.7	0.0	0.9
Subsidized housing	10.5	37.4	25.4	20.7
Emergency or temporary housing	2.5	1.1	0.0	0.0
None of the above	84.0	56.8	74.6	78.3
Number of moves in the past 2 years (%)				
None	32.8	28.7	30.6	38.1
1 or 2	44.8	49.5	45.0	36.7
3 or more	22.4	21.8	24.4	25.1
Current and recent education and training activities				
Currently enrolled in education or training[f] (%)				
Any type	17.7	20.5	21.9	29.6
GED preparation	3.4	4.2	1.2	2.3
English as a Second Language	0.0	0.0	0.0	0.0
Adult Basic Education	2.1	1.1	0.6	0.9
Vocational education/skills training	7.6	3.2	7.8	12.0
Post-secondary education	4.6	9.0	9.5	9.7
Job search/job club	1.3	2.6	2.3	3.7
Work experience	0.0	1.1	0.3	0.0
High school	0.0	0.5	1.4	1.9
If enrolled, program is part of a STRIDE plan	30.0	43.6	35.1	23.8

(continued)

Table A.5 (continued)

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
Enrolled in education or training during the previous 12 months[f] (%)				
Any type	29.4	25.3	32.9	36.4
GED preparation	8.7	5.3	4.6	4.2
English as a Second Language	0.0	0.0	0.0	0.0
Adult Basic Education	2.6	1.6	0.9	0.5
Vocational education/skills training	10.4	4.7	10.7	14.3
Post-secondary education	3.9	9.0	12.7	10.1
Job search/job club	3.9	3.2	3.2	4.6
Work experience	2.2	0.5	0.6	0.0
High school	1.7	2.1	4.9	4.6
If enrolled, program was part of a STRIDE plan	25.4	50.0	29.5	17.1
Sample size (total = 996)	239	191	348	218

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying for only Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

Rounding may cause slight discrepancies in sums and differences.

[a] Percentages are calculated for those employed at the time of random assignment who reported an hourly wage. Seventeen percent of those employed were excluded because they did not report an hourly wage.

[b] Percentages are calculated for those employed at the time of random assignment.

[c] The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d] This refers to the total number of months an individual or her spouse has spent on AFDC at one or more periods of time as an adult. It does not include AFDC receipt under a parent's name.

[e] Only those assigned to the MFIP group are subject to these mandates.

[f] Totals may not equal all the categories summed because some sample members may be in more than one category.

[g] Only those assigned to the AFDC group are subject to these rules.

Table A.6

Selected Characteristics of Two-Parent MFIP Report Sample Members from Rural Counties

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
Demographic characteristics				
Gender (%)				
Female	83.7	84.0	82.6	88.6
Male	16.4	16.0	17.4	11.4
Age (%)				
Under 20	9.6	7.8	7.0	5.7
20-24	14.4	18.2	24.4	17.9
25-34	49.0	29.9	46.1	44.7
35-44	23.1	36.4	20.0	26.0
45 and over	3.9	7.8	2.6	5.7
Average age (years)	30.5	32.4	29.4	31.3
Race/Ethnicity (%)				
White, non-Hispanic	96.2	94.7	93.0	98.4
Black, non-Hispanic	1.0	1.3	0.0	0.8
Hispanic	0.0	2.7	2.6	0.0
Native American/Alaskan Native	1.9	0.0	2.6	0.0
Asian/Pacific Islander	1.0	1.3	1.7	0.8
Family status				
Marital status (%)				
Never married	17.3	10.7	20.2	15.5
Married, living with spouse	69.2	81.3	72.8	82.1
Married, living apart	3.9	1.3	0.9	1.6
Separated	0.0	0.0	0.0	0.0
Divorced	9.6	6.7	6.1	0.8
Widowed	0.0	0.0	0.0	0.0
Age of youngest child in years (%)				
Under 3, or client pregnant at the time of random assignment	61.8	47.2	55.7	50.8
3-5	12.8	16.7	27.0	14.8
6-18	25.5	36.1	17.4	34.4
Labor force status				
Worked full-time for 6 months or more for one employer (%)	77.9	58.7	65.8	72.4
Any earnings in past 12 months (%)	66.4	52.0	59.3	63.4

(continued)

Table A.6 (continued)

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
Currently employed (%)	22.1	17.3	35.7	25.2
Average hourly wage[a] ($)	5.94	6.70	6.07	6.76
Average hours worked per week[b] (%)				
1-19	31.8	33.3	35.0	37.9
20-29	13.6	25.0	15.0	17.2
30 or more	54.6	41.7	50.0	44.8
Never worked (%)	2.5	16.1	2.7	3.3
Education status				
Highest credential earned (%)				
GED certificate[c]	15.4	13.3	13.0	16.3
High school diploma	39.4	50.7	53.0	57.7
Technical/2-year college degree	14.4	8.0	6.1	8.9
4-year college degree or higher	2.9	1.3	5.2	1.6
None of the above	27.9	26.7	22.6	15.5
Highest grade completed in school (average)	11.6	11.7	11.9	11.7
Welfare status				
New applicant (%)	26.9	22.1	43.5	20.3
Re-applicant/recipient (%)	73.1	77.9	56.5	79.7
Prior welfare receipt				
Total prior AFDC receipt[d] (%)				
None	23.8	17.8	30.4	22.0
Less than 4 months	8.9	4.1	7.1	4.1
4 months or more but less than 1 year	13.9	12.3	12.5	11.4
1 year or more but less than 2 years	7.9	11.0	8.9	9.8
2 years or more but less than 5 years	20.8	20.6	21.4	30.9
5 years or more but less than 10 years	18.8	19.2	16.1	15.5
10 years or more	5.9	15.1	3.6	6.5
Resided as a child in a household receiving AFDC (%)				
Yes, aid received 5 years or more	6.7	17.3	5.2	8.1
Yes, aid received less than 5 years	12.5	4.0	6.1	7.3
No	76.0	69.3	81.7	70.7
Don't know	4.8	9.3	7.0	13.8

(continued)

Table A.6 (continued)

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
MFIP employment and training mandates[e]				
Met MFIP criteria for participation in mandatory employment and training services[f] (%)	51.0	60.0	35.1	54.6
Parent under age 20, no high school diploma/GED	8.1	4.0	3.5	3.3
Recipient of AFDC 24 of past 36 months	46.1	56.0	31.3	51.6
STRIDE eligibility[g]				
In STRIDE target group[f] (%)	72.7	64.0	62.3	55.7
Parent under age 24 (18-23), no high school diploma/GED	10.6	8.0	8.7	4.1
Parent under age 24 (18-23), limited work experience	19.2	10.7	20.2	13.1
Recipient of AFDC 36 of past 60 months	30.3	33.3	18.4	30.3
Youngest child age 16 or over	2.0	1.3	0.0	1.6
Primary wage earner	39.4	21.3	32.5	23.8
Housing status				
Current housing status (%)				
Public housing	2.9	4.1	0.0	0.8
Subsidized housing	2.9	21.6	20.9	3.3
Emergency or temporary housing	1.9	0.0	0.0	0.0
None of the above	92.3	74.3	79.1	95.9
Number of moves in the past 2 years (%)				
None	37.3	50.0	37.7	43.1
1 or 2	41.2	29.2	38.6	37.4
3 or more	21.6	20.8	23.7	19.5
Current and recent education and training activities				
Currently enrolled in education or training[f] (%)				
Any type	17.5	12.0	18.4	23.6
GED preparation	4.9	1.3	1.8	0.8
English as a Second Language	0.0	0.0	0.9	0.0
Adult Basic Education	2.9	1.3	1.8	0.8
Vocational education/skills training	1.0	0.0	4.4	4.9
Post-secondary education	1.9	2.7	5.3	7.3
Job search/job club	4.9	4.0	2.6	8.9
Work experience	1.0	0.0	0.0	0.8
High school	1.0	2.7	2.6	0.0
If enrolled, program is part of a STRIDE plan	50.0	37.5	10.0	20.7

(continued)

Table A.6 (continued)

Characteristic	Mille Lacs	Morrison	Sherburne	Todd
Enrolled in education or training during the previous 12 months[f] (%)				
Any type	20.4	25.3	26.3	31.7
GED preparation	5.8	4.0	2.6	0.8
English as a Second Language	0.0	0.0	0.9	0.0
Adult Basic Education	1.9	1.3	2.6	0.0
Vocational education/skills training	3.9	2.7	3.5	9.8
Post-secondary education	1.0	4.0	10.5	6.5
Job search/job club	5.8	8.0	7.0	9.8
Work experience	2.9	0.0	1.8	2.4
High school	1.9	6.7	2.6	3.3
If enrolled, program was part of a STRIDE plan	42.1	23.5	25.0	26.3
Sample size (total = 419)	104	77	115	123

SOURCE: MDRC calculations using data from Background Information Forms.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

Rounding may cause slight discrepancies between sums and differences.

[a] Percentages are calculated for those employed at the time of random assignment who reported an hourly wage. Seventeen percent of those employed were excluded because they did not report an hourly wage.

[b] Percentages are calculated for those employed at the time of random assignment.

[c] The General Educational Development (GED) certificate is given to those who pass the GED test and is intended to signify knowledge of basic high school subjects.

[d] This refers to the total number of months an individual or her spouse has spent on AFDC at one or more periods of time as an adult. It does not include AFDC receipt under a parent's name.

[e] Only those assigned to the MFIP group are subject to these mandates.

[f] Totals may not equal all the categories summed because some sample members may be in more than one category.

[g] Only those assigned to the AFDC group are subject to these rules.

Table A.7

Attitudes and Opinions of Single-Parent MFIP Report Sample Members from Rural Counties

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
Client-reported barriers to employment				
Among those not currently employed, the percent who agreed or agreed a lot that they could not work part-time right now for the following reasons:[a]				
No way to get there every day	44.6	37.3	38.2	26.1
Cannot arrange for child care	37.4	29.8	49.4	39.5
A health or emotional problem, or a family member with a health or emotional problem	27.2	34.3	30.6	25.9
Too many family problems	27.2	25.7	31.0	27.9
Already have too much to do during the day	21.1	28.9	27.9	18.9
Any of the above five reasons	79.1	71.4	79.4	70.5
Among those currently working less than 30 hours a week, the percent who agreed or agreed a lot that they could not work full-time right now for the following reasons:[b]				
Cannot arrange for child care	26.9	22.7	42.5	16.1
A health or emotional problem, or a family member with a health or emotional problem	15.4	9.1	20.0	15.6
Too many family problems	3.9	9.1	15.0	9.7
Any of the above three reasons	34.6	31.8	55.0	28.1
Client-reported preferred activities				
Given the following choices, percent expressing a consistent preference for one of the following activities:[c]				
Staying home to take care of family	8.9	13.3	15.7	13.5
Going to school to learn a job skill	45.6	46.1	49.0	41.2
Going to school to study basic reading and math	4.1	4.7	3.3	0.7
Getting a part-time job	8.3	10.9	7.6	10.8
Getting a full-time job	33.1	25.0	24.3	33.8
Percent who agreed or agreed a lot that they:				
Prefer not to work so they can take care of their families full-time	36.0	30.9	37.5	31.5
Do not want a job because they would miss their children too much	13.7	15.7	17.0	12.0
Like going to school	72.6	74.1	78.8	74.1

(continued)

Table A.7 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
Cannot go to school or job training program right now because they are afraid to leave children in day care or with a babysitter	16.4	17.1	16.7	11.9
Percent who agreed or agreed a lot that children who go to day care or preschool learn more than children who stay home with their mothers	42.8	60.7	39.2	41.6
Percent who, if they had a choice, would prefer to work at a:				
Part-time job	32.6	32.4	34.5	32.7
Full-time job	67.4	67.7	65.5	67.3
Client-reported employment expectations				
If someone offered client a job that could support her family a little better than welfare, percent who would likely or very likely take the job if:				
Client didn't like work	51.6	48.6	48.5	45.4
Client had to work at night once in a while	61.9	62.9	63.8	65.4
The job was in a fast-food restaurant like McDonald's	28.6	28.7	25.0	37.9
It took more than an hour to get there	24.9	27.0	26.3	23.3
Minimum hourly wage at which the client would take a full-time job				
With no medical benefits (%):				
$4	2.2	0.0	0.4	0.7
$5	8.3	8.6	3.1	11.0
$6	11.1	17.9	7.6	9.7
$7	13.3	13.6	11.6	18.1
$8	20.4	17.9	18.7	18.1
$10	18.2	15.0	20.0	18.7
$12	9.4	8.6	13.3	7.1
$15	9.9	10.7	10.7	7.7
$20 or more	7.2	7.9	14.7	9.0
Median ($)	8.00	8.00	10.00	8.00
Mode ($)	8.00	6.00	10.00	10.00
Mean ($)	9.61	9.59	11.06	9.55

(continued)

Table A.7 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
With full medical benefits (%):				
$4	3.8	1.4	0.4	1.2
$5	10.9	17.9	7.1	16.2
$6	21.9	30.0	15.5	30.4
$7	23.0	17.1	21.2	15.5
$8	18.0	18.6	23.0	17.4
$10	14.8	8.6	20.8	11.8
$12	2.2	3.6	6.6	4.4
$15	3.8	1.4	4.9	2.5
$20 or more	1.6	1.4	0.4	0.6
Median ($)	7.00	7.00	8.00	7.00
Mode ($)	7.00	6.00	8.00	6.00
Mean ($)	7.70	7.22	8.32	7.36
With full medical benefits, and the welfare department would let client continue to get most of the welfare check (%):				
$4	10.1	17.7	5.8	16.9
$5	27.9	30.2	24.8	35.1
$6	23.5	22.8	21.2	22.1
$7	11.2	11.8	17.3	7.1
$8	13.4	8.8	15.0	10.4
$10	9.5	7.4	8.9	6.5
$12	1.7	0.7	3.5	0.7
$15	1.7	0.0	2.2	0.0
$20 or more	1.1	0.7	1.3	1.3
Median ($)	6.00	6.00	6.00	5.00
Mode ($)	5.00	5.00	5.00	5.00
Mean ($)	6.69	6.08	7.06	6.07
Approximate average worth of employer-provided medical benefits per hour ($)	1.92	2.37	2.75	2.32
If client could get $800 a month, plus Medicaid and free child care, percent who would prefer:				
Getting all the money by working 40 hours a week	53.5	56.0	60.5	61.3
Getting half from welfare and half by working 20 hours a week	46.5	44.0	39.6	38.8

(continued)

Table A.7 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
If client could keep most of the welfare check and also keep any money earned from a $6/hour job, number of hours she/he would want to work (%):				
0	3.8	1.4	2.2	1.3
5 - 10	1.6	7.8	3.6	3.8
15 - 20	13.1	11.3	10.8	12.8
25 - 30	25.7	25.4	24.2	21.8
Over 30	55.7	54.2	59.2	60.3
Percent who agreed or agreed a lot that:				
It will probably take them more than a year to a get a full-time job and get off welfare	57.1	66.7	58.3	67.7
They would take a full-time job today, even if the job paid less than welfare	23.1	21.7	14.2	22.5
If they got a job, they could find someone they trusted to take care of their children	82.5	86.3	78.2	82.2
A year from now they expect to be working	84.7	77.9	82.4	81.3
A year from now they expect to be receiving welfare	23.8	34.5	22.4	30.6
Client employment-related activities				
Time spent looking for a job during the past 3 months (%):				
Not at all	37.6	40.6	44.4	34.2
Some/a little	31.2	27.3	26.5	29.0
A moderate amount	19.6	18.9	17.5	24.3
A great deal	11.6	13.3	11.7	12.5
In the past 4 weeks, approximate number of employers, if any, client contacted (by telephone, mail, or in person) to apply for a job or ask about job openings (%):				
None	57.5	52.5	56.9	49.0
1 - 2	21.3	24.1	18.7	25.2
3 - 5	14.4	13.5	15.1	19.4
6 - 10	3.2	5.0	5.3	3.9
More than 10	3.7	5.0	4.0	2.6

(continued)

Table A.7 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
Percent planning to be in school or training program in the next few months	34.1	37.2	41.7	41.3
Client-reported attitudes toward welfare				
Percent who agreed or agreed a lot with the following statements:				
I feel that people look down on me for being on welfare	62.9	68.1	74.7	72.7
I am ashamed to admit to people that I am on welfare	60.8	62.9	64.8	72.7
Right now, being on welfare provides for my family better than I could by working	62.5	65.5	63.2	64.6
I think it is better for my family that I stay on welfare than work at a job	20.1	24.6	23.2	20.6
Client-reported social support network				
Percent who agreed or agreed a lot with the following statements:				
Among my family, friends, and neighbors, I am one of the only people who is on welfare	44.4	39.2	52.8	50.3
When I have trouble or need help, I have someone to talk to	83.5	85.9	79.5	82.9
Client-reported sense of efficacy				
Percent who agreed or agreed a lot with the following statements:				
I have little control over the things that happen to me	16.4	21.1	15.7	17.7
I often feel angry that people like me never have a chance to succeed	40.1	44.4	44.5	44.1
Sometimes I feel that I'm being pushed around in life	37.8	49.3	48.7	53.8
There is little I can do to change many of the important things in my life	26.6	27.7	28.8	34.0
All of the above	4.4	9.6	9.6	7.5
None of the above	28.7	26.7	34.1	25.2
Sample size (total = 742)	191	144	237	170

(continued)

Table A.7 (continued)

SOURCE: MDRC calculations using data from Private Opinion Survey data.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

In most categories, individuals could agree or agree a lot with more than one statement. Multiple responses were not possible in the following item groupings: client-reported preferred activities, client-reported employment-related activities, and client-reported acceptable wages.

[a] Part-time is defined as a minimum of 10 hours per week.

[b] Full-time is defined as 40 hours per week.

[c] Percentages are calculated for those with a consistent preference.

Table A.8

Attitudes and Opinions of Two-Parent MFIP Report Sample Members from Rural Counties

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
Client-reported barriers to employment				
Among those not currently employed, the percent who agreed or agreed a lot that they could not work part-time right now for the following reasons:[a]				
No way to get there every day	33.3	26.2	41.7	30.8
Cannot arrange for child care	55.9	28.6	57.5	49.2
A health or emotional problem, or a family member with a health or emotional problem	43.3	21.4	34.0	32.8
Too many family problems	31.1	14.3	29.2	18.5
Already have too much to do during the day	28.8	23.8	33.3	30.8
Any of the above five reasons	78.3	57.1	85.7	75.8
Among those currently working less than 30 hours a week, the percent who agreed or agreed a lot that they could not work full-time right now for the following reasons:[b]				
Cannot arrange for child care	50.0	40.0	22.2	20.0
A health or emotional problem, or a family member with a health or emotional problem	12.5	20.0	11.1	30.0
Too many family problems	0.0	0.0	11.1	18.2
Any of the above three reasons	50.0	60.0	22.2	50.0
Client-reported preferred activities				
Given the following choices, percent expressing a consistent preference for one of the following activities:[c]				
Staying home to take care of family	24.3	29.2	23.3	30.0
Going to school to learn a job skill	35.7	31.3	35.0	32.5
Going to school to study basic reading and math	4.3	0.0	3.3	2.5
Getting a part-time job	7.1	14.6	3.3	8.8
Getting a full-time job	28.6	25.0	35.0	26.3
Percent who agreed or agreed a lot that they:				
Prefer not to work so they can take care of their families full-time	53.9	31.4	47.3	50.0
Do not want a job because they would miss their children too much	31.2	15.2	29.6	14.4
Like going to school	74.4	60.8	75.4	63.4

(continued)

Table A.8 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
Cannot go to school or job training program right now because they are afraid to leave children in day care or with a babysitter	26.9	14.0	28.1	22.5
Percent who agreed or agreed a lot that children who go to day care or preschool learn more than children who stay home with their mothers	35.4	41.2	39.7	42.7
Percent who, if they had a choice, would prefer to work at a:				
Part-time job	45.5	46.0	45.8	37.2
Full-time job	54.6	54.0	54.2	62.8
Client-reported employment expectations				
If someone offered client a job that could support their family a little better than welfare, percent who would likely or very likely take the job if:				
Client didn't like work	56.3	62.0	44.6	58.2
Client had to work at night once in a while	82.3	76.0	64.9	73.6
The job was in a fast-food restaurant like McDonald's	35.0	40.0	32.4	31.9
It took more than an hour to get there	25.0	26.0	32.4	25.3
Minimum hourly wage at which the client would take a full-time job				
With no medical benefits (%):				
$4	0.0	0.0	0.0	0.0
$5	6.4	6.5	2.9	10.9
$6	12.8	23.9	13.0	19.6
$7	19.2	13.0	7.3	15.2
$8	20.5	23.9	20.3	12.0
$10	12.8	6.5	13.0	15.2
$12	12.8	13.0	15.9	7.6
$15	9.0	6.5	20.3	8.7
$20 or more	6.4	6.5	7.3	10.9
Median ($)	8.00	8.00	10.00	8.00
Mode ($)	8.00	6.00	8.00	6.00
Mean ($)	9.53	9.09	10.77	9.65

(continued)

Table A.8 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
With full medical benefits (%):				
$4	0.0	0.0	1.4	0.0
$5	13.9	26.5	5.4	27.2
$6	22.8	16.3	21.6	19.6
$7	25.3	18.4	13.5	14.1
$8	12.7	16.3	23.0	15.2
$10	17.7	16.3	20.3	16.3
$12	2.5	2.0	13.5	4.4
$15	1.3	4.1	1.4	3.3
$20 or more	3.8	0.0	0.0	0.0
Median ($)	7.00	7.00	8.00	7.00
Mode ($)	7.00	5.00	8.00	5.00
Mean ($)	7.87	7.39	8.26	7.38
With full medical benefits, and the welfare department would let client continue to get most of the welfare check (%):				
$4	13.9	18.4	4.1	22.5
$5	27.9	28.6	27.0	32.6
$6	24.1	20.4	24.3	11.2
$7	12.7	10.2	14.9	11.2
$8	8.9	4.1	16.2	7.9
$10	7.6	14.3	5.4	13.5
$12	3.8	0.0	6.8	1.1
$15	0.0	2.0	1.4	0.0
$20 or more	1.3	2.0	0.0	0.0
Median ($)	6.00	6.00	6.00	5.00
Mode ($)	5.00	5.00	5.00	5.00
Mean ($)	6.46	6.57	6.86	6.10
Approximate average worth of employer-provided medical benefits per hour ($)	1.62	1.76	2.45	2.27
If client could get $800 a month, plus Medicaid and free child care, percent who would prefer:				
Getting all the money by working 40 hours a week	58.8	71.4	49.3	65.2
Getting half from welfare and half by working 20 hours a week	41.3	28.6	50.7	34.8

(continued)

Table A.8 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
If client could keep most of the welfare check and also keep any money earned from a $6/hour job, number of hours they would want to work (%):				
0	0.0	4.2	4.1	2.2
5 - 10	3.8	10.4	2.7	5.4
15 - 20	10.3	18.8	12.3	16.3
25 - 30	29.5	16.7	26.0	16.3
Over 30	56.4	50.0	54.8	59.8
Percent who agreed or agreed a lot that:				
It will probably take them more than a year to a get a full-time job and get off welfare	43.0	40.0	41.1	50.0
They would take a full-time job today, even if the job paid less than welfare	24.7	38.0	21.6	31.1
If they got a job, they could find someone they trusted to take care of their children	74.4	84.0	71.2	76.9
A year from now they expect to be working	85.0	82.0	76.7	80.0
A year from now they expect to be receiving welfare	18.8	16.0	11.1	25.0
Client employment-related activities				
Time spent looking for a job during the past 3 months (%):				
Not at all	35.0	38.8	42.5	40.2
Some/a little	38.8	32.7	27.4	29.4
A moderate amount	16.3	16.3	13.7	16.3
A great deal	10.0	12.2	16.4	14.1
In the past 4 weeks, approximate number of employers, if any, client contacted (by telephone, mail, or in person) to apply for a job or ask about job openings (%):				
None	53.8	60.0	60.8	50.0
1 - 2	22.5	12.0	13.5	25.6
3 - 5	12.5	14.0	10.8	12.2
6 - 10	6.3	6.0	2.7	4.4
More than 10	5.0	8.0	12.2	7.8

(continued)

Table A.8 (continued)

Attitude or Opinion	Mille Lacs	Morrison	Sherburne	Todd
Percent planning to be in school or training program in the next few months	20.5	18.8	24.7	26.7
Client-reported attitudes toward welfare				
Percent who agreed or agreed a lot with the following statements:				
I feel that people look down on me for being on welfare	67.1	57.1	68.5	71.0
I am ashamed to admit to people that I am on welfare	62.0	62.0	64.9	66.3
Right now, being on welfare provides for my family better than I could by working	57.0	46.0	56.2	56.2
I think it is better for my family that I stay on welfare than work at a job	26.3	22.0	25.0	18.9
Client-reported social support network				
Percent who agreed or agreed a lot with the following statements:				
Among my family, friends, and neighbors, I am one of the only people who is on welfare	46.2	34.0	54.1	53.7
When I have trouble or need help, I have someone to talk to	80.0	84.0	79.2	78.9
Client-reported sense of efficacy				
Percent who agreed or agreed a lot with the following statements:				
I have little control over the things that happen to me	17.5	15.7	18.9	14.0
I often feel angry that people like me never have a chance to succeed	41.3	28.0	44.5	34.1
Sometimes I feel that I'm being pushed around in life	44.3	36.0	48.7	56.7
There is little I can do to change many of the important things in my life	28.6	27.5	31.1	33.7
All of the above	5.2	4.0	8.3	7.0
None of the above	33.8	44.0	30.6	29.1
Sample size (total = 306)	80	52	75	99

(continued)

Table A.8 (continued)

SOURCE: MDRC calculations using data from Private Opinion Survey data.

NOTES: The sample includes AFDC and MFIP group members who were randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps when randomly assigned. Members of the AFDC group are potentially eligible for any programs that MFIP was designed to replace: AFDC; Minnesota's JOBS program, STRIDE; Family General Assistance (FGA); or Food Stamps.

In most categories, individuals could agree or agree a lot with more than one statement. Multiple responses were not possible in the following item groupings: client-reported preferred activities, client-reported employment-related activities, and client-reported acceptable wages.

[a] Part-time is defined as a minimum of 10 hours per week.

[b] Full-time is defined as 40 hours per week.

[c] Percentages are calculated for those with a consistent preference.

Appendix B

MFIP 12-Month Survey Response Analysis

This appendix examines the extent to which the survey respondent sample is representative of the full impact sample used throughout the report. To do this, MFIP's impacts on earnings, employment, and AFDC receipt are estimated for the following four samples:

- the report sample, consisting of sample members randomly assigned from April 1994 to December 1994;
- the survey-eligible sample, which is the sample pool from which the survey was drawn, consisting of sample members randomly assigned in urban counties from September 1994 to December 1994;
- the fielded sample of 1,342 sample members, 1,123 of whom responded, for an 83.6 percent response rate; and
- the survey respondents.

A regression analysis of the probability of survey response revealed that response rates did not vary among the four research groups.[1]

Tables B.1 and B.2 present regression-adjusted impact estimates for single parents' employment, earnings, and welfare receipt. Estimates are presented for the report sample, the survey-eligible sample, the fielded sample, and survey respondents. Any significant differences between impact estimates for the respondent sample and those for the other samples, for comparable research groups, would suggest that the survey sample is not adequately representative of the larger sample.

The results for recipients (Table B.1) show comparable impact estimates across all samples for the primary comparison of interest — the MFIP group versus the AFDC group. This pattern suggests that analyses using this comparison for the survey sample can be generalized to the full report sample.

The impact estimates using the MFIP/Incentives Only group are not as consistent across the samples. The earnings difference between the MFIP and MFIP/Incentives Only groups, for example, increases in magnitude as the sample is narrowed to the survey respondents. Although the MFIP/Incentives Only sample becomes fairly small as the sample is narrowed, the results suggest that analyses involving this group should be interpreted with caution, as they may not accurately reflect upon the report sample.

Impacts for applicants are presented in Table B.2. The earnings and employment impacts estimated by comparing the MFIP and AFDC groups change somewhat across the rows, with the most noticeable difference being the change in earnings impacts. Much of the change, however, seems to occur between the full report sample and the survey-eligible sample. This difference

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[1] The regression analysis indicated that the probability of survey response, although it did not vary by research group, was associated with certain individual characteristics, such as education and race (the F-statistic from the regression was significant at 1 percent). This result suggests that impact estimates may differ for the nonrespondent and respondent samples.

Table B.1

Impacts on Employment, Earnings, and Welfare Receipt Among MFIP, MFIP Incentives Only, and AFDC Short- and Long-Term Recipients

	Full Report Sample			Survey Eligibles			Fielded Sample			Survey Respondents		
	MFIP vs. AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC	MFIP vs. AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC	MFIP vs. AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC	MFIP vs. AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC
Earnings, quarters 2-7 ($)												
Adjusted impacts	606	837	-231	707	1,272	-565	684	1,780	-1,096	670	1,890	-1,219
p-value	0.034	0.004	0.423	0.094	0.003	0.186	0.225	0.015	0.135	0.284	0.021	0.137
AFDC receipt, quarters 2-7 ($)												
Adjusted impacts	947	-728	1,675	710	-1,021	1,732	902	-1,331	2,233	842	-1,262	2,104
p-value	0.000	0.000	0.000	0.011	0.000	0.000	0.015	0.006	0.000	0.026	0.011	0.000
Employment, quarters 2-7 (%)												
Adjusted impacts	12.5	7.9	4.6	11.5	6.6	4.9	8.9	14.2	-5.4	10.7	16.3	-5.67
p-value	0.000	0.000	0.016	0.000	0.037	0.114	0.025	0.006	0.295	0.013	0.004	0.311
Received AFDC, quarter 7 (%)												
Adjusted impacts	6.6	-4.1	10.7	1.5	-5.4	6.9	7.1	-7.5	14.6	5.8	-8.2	14.1
p-value	0.000	0.023	0.000	0.597	0.065	0.017	0.059	0.128	0.003	0.142	0.112	0.007
Sample sizes:												
MFIP		1,019			395			243			203	
MFIP Incentives Only		992			386			106			86	
AFDC		1,025			415			245			200	

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records, public assistance benefit records, Background Information Forms, and the 12-month client survey.

Table B.2

Impacts on Employment, Earnings, and Welfare Receipt Among MFIP, MFIP Incentives Only, and AFDC Applicants

	Full Report Sample			Survey Eligibles			Fielded Sample			Survey Respondents		
	MFIP vs AFDC	MFIP vs MFIP Incentives Only	MFIP Incentives Only vs AFDC	MFIP vs AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC	MFIP vs. AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC	MFIP vs. AFDC	MFIP vs MFIP Incentives Only	MFIP Incentives Only vs AFDC
Earnings, quarters 2-7 ($)												
Adjusted impacts	-524	273	-798	-1,290	77	-1,366	-1,923	1,506	-3,429	-1,526	1,523	-3,048
p-value	0.179	0.652	0.187	0.043	0.938	0.166	0.026	0.382	0.048	0.119	0.423	0.112
AFDC receipt, quarters 2-7 ($)												
Adjusted impacts	1,433	-53	1,486	1,626	279	1,346	2,141	387	1,754	2,259	758	1,501
p-value	0.000	0.862	0.000	0.000	0.559	0.005	0.000	0.632	0.031	0.000	0.378	0.084
Employment, quarters 2-7 (%)												
Adjusted impacts	4.9	4.3	0.6	2.8	5.5	-2.7	3.4	11.4	-7.9	4.4	11.6	-7.2
p-value	0.005	0.117	0.815	0.312	0.202	0.537	0.344	0.118	0.278	0.273	0.136	0.357
Received AFDC, quarter 7 (%)												
Adjusted impacts	8.0	-1.7	9.7	9.3	-1.5	10.8	11.7	-4.9	16.6	10.3	-4.9	15.2
p-value	0.000	0.600	0.003	0.005	0.771	0.035	0.006	0.561	0.051	0.030	0.595	0.102
Sample sizes:												
MFIP		1,045			420			259			217	
MFIP Incentives Only		276			110			37			32	
AFDC		1,053			412			251			202	

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records, public assistance benefit records, Background Information Forms, and the 12-month client survey.

suggests that there may be impact differences between the early and later cohorts. This issue will be examined more fully in the final report.

For the comparisons involving the MFIP/Incentives Only group, the impacts change somewhat across the samples, although most of the impacts for earnings and employment are statistically insignificant. Again, the small sample size of the MFIP/Incentives Only research group may be partly responsible for the varying impacts, suggesting that results for this group, presented in Chapter 3, should also be interpreted with caution.

Appendix C

Additional Implementation Findings

Table C.1

Characteristics of MFIP and STRIDE Case Manager Interaction with Sample Members

Characteristic	MFIP	STRIDE
Length of assessment		
Average hours spent on assessment process	18.3	24.7 *
Level of sample member discretion in choosing a program (%)		
"Agrees" that sample members are able to tailor plans to their own goals, and circumstances[a]	82.4	85.9
"Agrees" that sample members are given many choices about employment options and activities[a]	58.8	86.5 ***
"Often" tries to persuade sample members to consider activities better suited to them[a]	82.4	74.7
If sample member cannot be persuaded, "often" requires her to enroll in an activity she does not prefer[a]	48.5	N/A
Believes the following opinions "matter more" in selecting activities:		
Sample member's opinion[b]	23.5	29.7
Staff's opinion[a]	23.5	8.1 *
Both equally[c]	52.9	62.2
Staff evaluation of services (%)		
Considers the following programs "normally available" to sample members:[a]		
ABE/GED/ESL programs	97.1	96.1
Job club/job search	97.1	77.6 ***
Occupational skills training/vocational education programs	79.4	97.4 **
Post-secondary education	70.6	96.1 ***
Would rate the following programs "high quality":[a]		
ABE/GED/ESL programs	73.5	77.9
Job club/job search	94.1	80.8 **
Occupational skills training/vocational education programs	85.3	88.2
Post-secondary education	88.2	88.3

(continued)

Table C.1 (continued)

Characteristic	MFIP	STRIDE
Relationship with ongoing sample members		
Has conversation with sample member at least every two weeks (%)	38.2	31.6
Average percent of caseload contacted (by phone or in person) during one month	82.3	85.3
Describes personalized relationship with sample members as a "high priority" in agency[a] (%)	78.8	78.4
Is "likely" to contact sample member to provide encouragement before[a] (%):		
A job interview	85.3	80.0
A GED exam	76.5	64.5
Sample size (total = 112)[d]	34	78

SOURCE: MDRC calculations using data from the staff survey of case managers.

NOTES: N/A = Not Applicable.

A two-tailed t-test is used to compare the differences in percentages. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

[a] These percentages reflect those who responded with a 5, 6, or 7, on a scale from 1 to 7.

[b] This percentage reflects those who responded with a 1, 2, or 3, on a scale from 1 to 7.

[c] This percentage reflects those who responded with a 4, on a scale from 1 to 7.

[d] Respondents who failed to answer or indicated "don't know" were not included in these calculations.

Table C.2

Information About the MFIP and AFDC Programs Reported by MFIP, MFIP Incentives Only, and AFDC Single-Parent Long-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Incentives and supports for work						
Is child care paid for when a sample member works?						
Yes	91.0	83.7	58.3	32.7 ***	25.4 ***	7.3
No	3.9	12.1	26.3	-22.3 ***	-14.2 ***	-8.2
Don't know	5.1	4.3	15.5	-10.4 ***	-11.2 **	0.9
Compared with not working, if a sample member worked 30+ hours a week while on assistance, the sample member would be:						
Better off	63.6	60.5	41.8	21.8 ***	18.7 **	3.1
Worse off	7.1	11.6	16.1	-9.0 **	-4.5	-4.4
About the same	25.6	24.3	33.1	-7.5	-8.9	1.3
Don't know	3.6	3.6	8.3	-4.7 *	-4.6	-0.1
Can sample members work 30+ hours a week and keep part of their grant?						
Yes	80.1	77.4	36.7	43.4 ***	40.7 ***	2.7
No	6.4	1.5	32.4	-26.0 ***	-30.9 ***	4.9
Don't know	13.5	21.0	30.9	-17.4 ***	-9.8	-7.6
If sample member had a choice, would he/she:						
Work less than 30 hours a week and stay on assistance?	14.8	19.5	4.8	9.9 **	14.6 ***	-4.7
Work more than 30 hours a week and stay on assistance?	28.3	29.7	13.1	15.2 ***	16.6 **	-1.4
Work more than 30 hours a week and leave assistance?	48.6	39.5	70.3	-21.7 ***	-30.8 ***	9.1
Don't know, it depends	8.4	11.3	11.8	-3.4	-0.4	-3.0

(continued)

Table C.2 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Was the sample member informed about the medical assistance available if she leaves welfare for a job?						
Yes	78.5	72.8	75.3	3.2	-2.5	5.6
No	15.5	17.2	18.1	-2.6	-0.9	-1.7
Don't know	6.0	9.9	6.6	-0.6	3.4	-3.9
Would sample member lose part of her welfare grant because of not participating in MFIP case management/STRIDE, or because she did not go to school or look for work?						
Yes	79.7	48.1	47.1	32.6 ***	0.9	31.7 ***
No	8.1	35.9	34.3	-26.2 ***	1.6	-27.8 ***
Don't know	12.1	16.0	18.6	-6.4	-2.5	-3.9
What do staff encourage?						
To get a job quickly?	65.0	43.2	15.4	49.7 ***	27.8 ***	21.8 ***
To go to school or training?	51.2	35.7	25.4	25.8 ***	10.3	15.5 **
What would staff recommend about a 30 hour/week, $5/hour job with no medical benefits?						
Take the job	46.8	58.6	56.3	-9.5	2.3	-11.8
Don't take the job	43.7	29.2	29.7	14.0 **	-0.5	14.5 *
No recommendation either way	1.5	1.8	3.7	-2.2	-1.9	-0.3
Don't know	8.0	10.4	10.3	-2.3	0.1	-2.4

(continued)

Table C.2 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Evaluations of welfare						
Strongly believe MFIP/AFDC has helped sample members' chances of getting or keeping a job[a]	48.8	36.6	6.9	41.9 ***	29.8 ***	12.1 *
Strongly agree with the statement that "in Minnesota, it's easy just to stay on MFIP/AFDC and not try to get off"[a]	22.8	28.2	46.6	-23.8 ***	-18.4 **	-5.4
Sample size (total = 332)	141	61	130			

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes vary for individual measures because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** =1 percent; ** =5 percent; * =10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] "Strongly believe/agree" represents percentage of respondents who indicated values of 6-10 on a scale of 1-10.

Table C.3

MFIP and STRIDE Case Manager Work Environment

Characteristic	MFIP	STRIDE
Caseload sizes		
Average number of case managers in agency	4.3	5.2 *
Average caseload size	40.3	39.7
Attitudes toward work (%)		
"Somewhat" or "very" satisfied with current job[a]	82.4	74.0
Report workers in unit are "somewhat" or "very" satisfied with their jobs[a]	79.4	53.2 ***
Feel staff works with recipient as "part of team"[b]	82.4	63.6 **
Feel team work is "strong"[b]	82.4	66.7 *
"Agree" agency allows its workers to make professional decisions[b]	76.5	80.0
Perception of recipients (%)		
Percent of recipients estimated to be highly motivated to become self-sufficient	36.7	64.3 ***
Efficacy of services (%)		
Believes sample members getting typical services will get "a great deal of help" from agency in:[b]		
Getting a job	88.2	96.1
Getting off welfare	91.2	96.1
Prior work experience		
Average number of years employed by welfare department	2.5	4.0 ***
Ever employed by welfare department[c] (%)	30.3	8.0 **
Ever a financial worker[c] (%)	15.2	1.3 **
Ever a STRIDE case manager[c] (%)	48.5	N/A
Ever received welfare benefits[c] (%)	39.4	35.5
Sample size (total = 112)[d]	34	78

SOURCE: MDRC calculations using data from the staff survey of case managers.

NOTES: N/A = Not Applicable.

A two-tailed t-test is used to compare the differences in percentages. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

[a] These percentages reflect those who responded with a 4 or 5, on a scale from 1 to 5.

[b] These percentages reflect those who responded with a 5, 6, or 7, on a scale from 1 to 7.

[c] These percentages reflect those who responded "yes."

[d] Respondents who failed to respond to an item or indicated "don't know" for the item were not included in these calculations.

Table C.4

Information About the MFIP and AFDC Programs Reported by MFIP, MFIP Incentives Only, and AFDC Single-Parent Short-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Incentives and supports for work						
Is child care paid for when a sample member works?						
Yes	78.2	84.6	55.3	22.9 **	29.4 **	-6.5
No	8.4	3.9	33.9	-25.5 ***	-30.0 ***	4.5
Don't know	13.5	11.5	10.8	2.6	0.6	2.0
Compared with not working, if a sample member worked 30+ hours a week while on assistance, the sample member would be:						
Better off	67.7	78.5	59.0	8.7	19.6	-10.8
Worse off	13.6	8.6	16.5	-2.9	-7.8	5.0
About the same	15.1	9.7	21.1	-6.0	-11.4	5.4
Don't know	3.7	3.2	3.5	0.1	-0.3	0.5
Can sample members work 30+ hours a week and keep part of their grant?						
Yes	77.0	69.1	25.2	51.8 ***	43.9 ***	7.9
No	5.9	10.7	48.1	-42.1 ***	-37.4 ***	-4.7
Don't know	17.0	20.2	26.7	-9.7	-6.5	-3.2
If sample member had a choice, would he/she:						
Work less than 30 hours a week and stay on assistance?	17.1	14.7	6.3	10.8	8.4	2.4
Work more than 30 hours a week and stay on assistance?	26.0	29.8	13.6	12.4	16.2	-3.8
Work more than 30 hours a week and leave assistance?	50.0	49.9	75.5	-25.5 **	-25.6 *	0.1
Don't know, it depends	6.9	5.6	4.6	2.3	1.0	1.3

(continued)

Table C.4 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Was the sample member informed about the medical assistance available if she leaves welfare for a job?						
Yes	75.0	77.7	68.5	6.5	9.2	-2.7
No	16.0	15.6	24.5	-8.6	-8.9	0.3
Don't know	9.0	6.7	7.0	2.1	-0.3	2.3
Would sample member lose part of her welfare grant because of not participating in MFIP case management/STRIDE, or because she did not go to school or look for work?						
Yes	67.8	46.4	38.3	29.5 ***	8.0	21.4
No	9.6	28.8	43.2	-33.6 ***	-14.4	-19.2
Don't know	22.6	24.8	18.5	4.1	6.3	-2.2
What do staff encourage?						
To get a job quickly?	42.7	41.1	8.9	33.8 ***	32.2 ***	1.6
To go to school or training?	49.9	24.5	19.3	30.5 ***	5.1	25.4 **
What would staff recommend about a 30 hour/week, $5/hour job with no medical benefits?						
Take the job	55.3	59.3	56.3	-1.0	3.0	-4.0
Don't take the job	40.1	34.1	26.4	13.7	7.7	5.9
No recommendation either way	2.2	2.7	6.6	-4.4	-3.9	-0.6
Don't know	2.5	3.8	10.7	-8.2	-6.9	-1.4

(continued)

Table C.4 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Evaluations of welfare						
Strongly believe MFIP/AFDC has helped sample members' chances of getting or keeping a job[a]	56.0	44.5	6.8	49.2 ***	37.7 ***	11.5
Strongly agree with the statement that "in Minnesota, it's easy just to stay on MFIP/AFDC and not try to get off"[a]	26.8	30.8	58.7	-31.9 ***	-27.8 *	-4.1
Sample size (total = 142)	57	22	63			

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes vary for individual measures because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** =1 percent; ** =5 percent; * =10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] "Strongly believe/agree" represents percentage of respondents who indicated values of 6-10 on a scale of 1-10.

Table C.5

Information About the MFIP and AFDC Programs Reported by MFIP, MFIP Incentives Only, and AFDC Single-Parent Applicants, in Urban Counties

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Incentives and supports for work						
Is child care paid for when a sample member works?						
Yes	76.7	78.8	42.7	34.0 ***	36.1 ***	-2.1
No	9.6	11.4	26.5	-17.0 ***	-15.1 **	-1.8
Don't know	13.7	9.8	30.7	-17.0 ***	-21.0 ***	4.0
Compared with not working, if a sample member worked 30+ hours a week while on assistance, the sample member would be:						
Better off	69.4	68.5	57.1	12.3 **	11.3	1.0
Worse off	13.1	9.1	13.7	-0.6	-4.7	4.0
About the same	11.5	22.3	20.7	-9.2 **	1.6	-10.8
Don't know	6.0	0.1	8.4	-2.5	-8.3 *	5.8
Can sample members work 30+ hours a week and keep part of their grant?						
Yes	68.1	63.9	21.6	46.5 ***	42.2 ***	4.2
No	13.8	25.3	42.1	-28.3 ***	-16.8 **	-11.5
Don't know	17.7	10.7	36.2	-18.5 ***	-25.5 ***	7.0
If sample member had a choice, would he/she:						
Work less than 30 hours a week and stay on assistance?	12.0	27.6	9.5	2.5	18.1 ***	-15.7 **
Work more than 30 hours a week and stay on assistance?	21.6	21.7	12.9	8.7 **	8.8	-0.1
Work more than 30 hours a week and leave assistance?	59.0	46.2	69.4	-10.5 **	-23.3 **	12.8
Don't know, it depends	7.4	4.5	8.1	-0.7	-3.7	3.0

(continued)

Table C.5 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Was the sample member informed about the medical assistance available if she leaves welfare for a job?						
Yes	72.6	69.1	60.5	12.1 **	8.6	3.5
No	16.6	25.9	27.6	-11.0 ***	-1.7	-9.3
Don't know	10.8	5.0	11.9	-1.1	-6.9	5.8
Would sample member lose part of her welfare grant because of not participating in MFIP case management/STRIDE, or because she did not go to school or look for work?						
Yes	47.1	46.9	37.5	9.6 *	9.4	0.3
No	22.2	19.4	35.5	-13.3 ***	-16.0 *	2.7
Don't know	30.7	33.7	27.0	3.7	6.7	-3.0
What do staff encourage?						
To get a job quickly?	34.7	38.2	19.6	15.1 ***	18.7 **	-3.6
To go to school or training?	30.3	39.2	20.1	10.2 **	19.0 **	-8.9
What would staff recommend about a 30 hour/week, $5/hour job with no medical benefits?						
Take the job	50.9	40.0	50.4	0.5	-10.3	10.8
Don't take the job	31.8	44.9	28.5	3.4	16.4 *	-13.0
No recommendation either way	0.8	3.0	3.1	-2.4 *	-0.1	-2.2
Don't know	16.5	12.1	18.0	-1.5	-5.9	4.4

(continued)

Table C.5 (continued)

	Average Outcome Levels			MFIP vs. AFDC	MFIP Incentives Only vs. AFDC	MFIP vs. MFIP Incentives Only
Outcome (%)	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages	Impacts of Financial Incentives Alone	Added Impacts of Mandatory Services and Reinforced Incentive Messages
Evaluations of welfare						
Strongly believe MFIP/AFDC has helped sample members' chances of getting or keeping a job[a]	29.1	25.9	12.2	16.9 ***	13.7 *	3.1
Strongly agree with the statement that "in Minnesota, it's easy just to stay on MFIP/AFDC and not try to get off"[a]	25.4	30.1	45.2	-19.8 ***	-15.1 *	-4.8
Sample size (total = 451)	217	32	202			

SOURCE: MDRC calculations using data from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes vary for individual measures because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** =1 percent; ** =5 percent; * =10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] "Strongly believe/agree" represents percentage of respondents who indicated values of 6-10 on a scale of 1-10.

Appendix D

Expected Impacts of MFIP's Enhanced Financial Incentives

This appendix presents a more detailed discussion of the expected impacts of enhanced financial incentives on work effort. In order to illustrate how an individual might respond to the financial incentives, Figure D.1 presents comparisons of the monthly income that an individual receiving $8 an hour could earn working various numbers of hours per week. The graph plots earnings, earnings plus AFDC and Food Stamp benefits, and earnings plus MFIP benefits. The grey-shaded area represents AFDC and Food Stamp benefits and illustrates how these benefits are reduced as earnings increase. Beyond 31 hours per week, this person becomes ineligible for AFDC, and beyond 39 hours per week she becomes ineligible for Food Stamps. The black area represents the additional benefits provided by MFIP.

The expected effects of MFIP are seen by considering how an individual's work behavior might change if she were moved from the AFDC program to MFIP. MFIP's more generous disregard provides higher income (earnings plus welfare) at all levels of work. This "income effect" allows individuals who would have otherwise worked some amount to reduce their hours of work in order to receive the same net income. Someone working 30 hours per week while receiving an AFDC grant, for example, might choose to work fewer hours if she were receiving MFIP benefits, because she could attain the same income with less work.

The work incentive, or the "wage effect," of MFIP is illustrated by the steeper slope of the income profile under MFIP. Because of its lower benefit reduction rate, additional hours of work provide more income, or a higher net wage rate, under MFIP than under AFDC. Someone working 30 hours per week while on AFDC might choose to work more hours if she were on MFIP because the payoff to work is greater. Thus, the "income" and "wage" effects work in opposite directions, such that the net change in work hours for a given individual depends on the magnitudes of these offsetting effects.

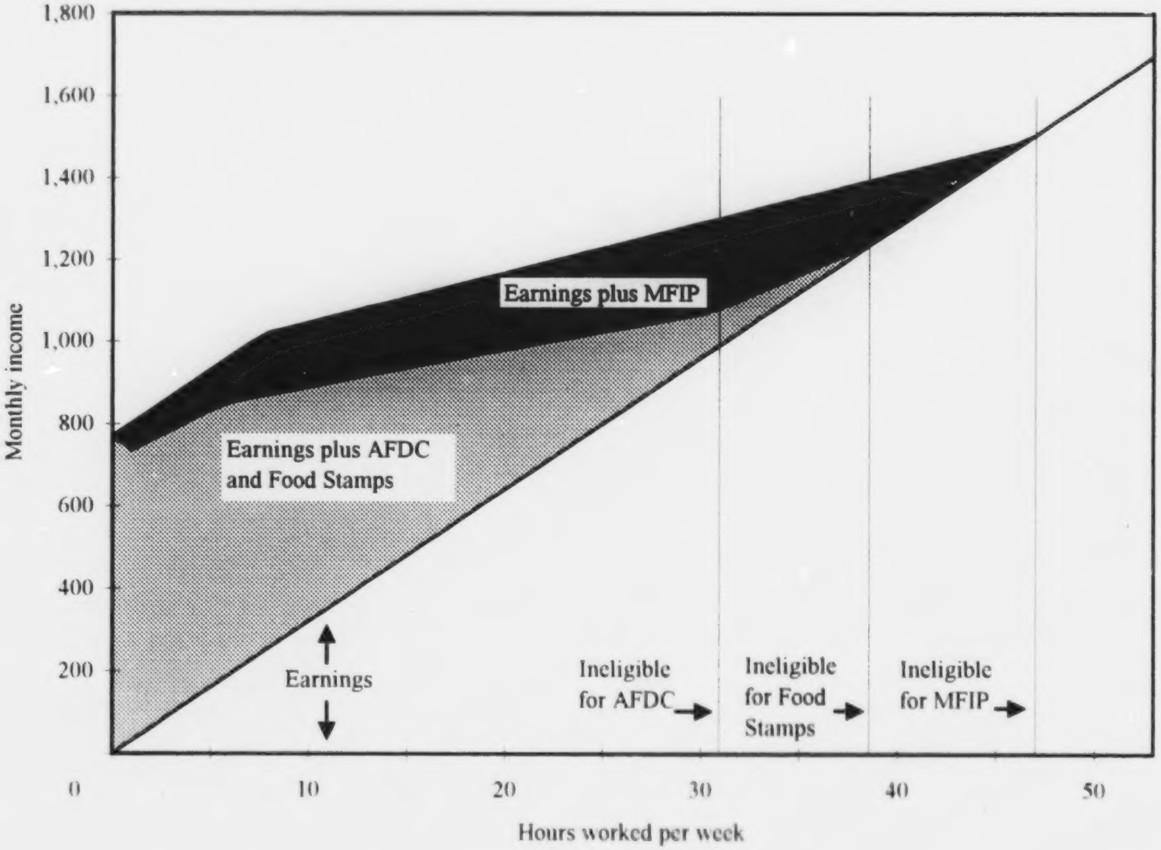
This example also illustrates that the effect of MFIP on an individual's work behavior will depend on what his or her work behavior would have been in the absence of MFIP. Three counterfactual groups are considered here. For people who would otherwise have received AFDC and not worked (or worked zero hours), MFIP is expected to increase the likelihood that they work some amount, since MFIP enables them to keep a greater fraction of their earnings. For this group, MFIP has a positive wage effect and no income effect, since MFIP benefits are the same as AFDC/Food Stamp benefits at zero hours of work. Thus, employment rates and average hours worked should increase.

For individuals who would have worked less than full-time and remained on AFDC, the net effect of MFIP on hours worked will depend on the offsetting income and wage effects. For this group, then, little change is expected in employment rates, but a change, either positive or negative, is expected in average hours worked.

The final group is individuals who would have worked full-time in the absence of MFIP. If they would have worked full-time and not received AFDC, they can receive MFIP benefits without changing their work behavior (as illustrated in Figure D.1, for example, by someone working 40 hours a week). For this group, MFIP is expected to reduce average hours worked and, consequently, average earnings, since the wage and income effects both work in the same direction. This is a standard result from economic theory and was an outcome of the

Figure D.1

Monthly Income Under AFDC and MFIP



SOURCES: U.S. House of Representatives, Committee on Ways and Means, *The 1994 Green Book: Overview of Entitlement Programs* (Washington, D.C.: Government Printing Office, 1994); MFIP eligibility manual.

NOTES: Assumes an hourly wage of $8. Monthly income is the sum of monthly earnings plus either MFIP or AFDC and Food Stamp benefits. AFDC grant calculations based on rules for the first four months of employment. The calculation of monthly income does not incorporate the Earned Income Tax Credit or income taxes.

negative income tax experiments of the 1970s. Individuals who would have worked full-time and received AFDC will also receive MFIP's more generous benefits, and they can receive a higher net income without changing their work behavior. However, the effect on hours worked for this group is ambiguous and depends on the offsetting income and wage effects.[1]

MFIP's financial incentives are not expected to reduce welfare receipt in the short run because they are designed to allow families to work and still receive some benefits. From Figure D.1, someone working 40 hours per week becomes ineligible to receive benefits under AFDC/Food Stamps but is still eligible to receive benefits under MFIP.

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[1] Once the individual becomes ineligible for AFDC but still receives Food Stamps (working 31 to 39 hours in the example in Figure D.1), the income and wage effects of MFIP work in the same direction, causing a reduction in hours of work.

Appendix E

Short-Term Recipient Findings

Table E.1

Participation in Employment and Training Activities Within 12 Months After Random Assignment, by MFIP, MFIP Incentives Only, and AFDC Short-Term Recipients, in Urban Counties, as Reported on the Client Survey

Outcome (%)	MFIP	MFIP Incentives Only	AFDC	MFIP vs. AFDC	MFIP vs. MFIP Incentives Only	MFIP Incentives Only vs. AFDC
Ever participated	57.8	52.2	45.3	12.5	5.6	6.9
Ever participated in:						
Career workshop	8.4	5.2	9.7	-1.3	3.2	-4.5
Job search	20.9	13.8	8.0	12.8 *	7.0	5.8
Job search class	7.9	2.7	6.2	1.7	5.1	-3.4
Job search club	1.2	0.7	1.8	-0.6	0.5	-1.1
Individual job search	14.8	11.9	3.1	11.6 *	2.9	8.7
Basic education	9.8	12.6	10.6	-0.8	-2.8	2.0
Post-secondary education[b]	24.7	22.1	19.1	5.6	2.6	3.0
Vocational training[c]	19.0	7.1	10.5	8.5	11.9	-3.4
Work experience	0.0	0.0	0.0	0.0	0.0	0.0
English as a Second Language	3.1	0.1	0.4	2.7	3.0	-0.3
Other	1.4	2.9	2.5	-1.1	-1.5	0.4
Ever sanctioned for noncompliance with employment and training requirements[d]	14.6	0.0[a]	9.3	5.3	20.1 **	-14.8 *
Sample size (total = 142)	57	22	63			

SOURCE: MDRC calculations from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes for individual measures may vary because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] The mean is negative due to adjusting, but has been set to zero.

[b] Post-secondary education is defined as courses for college credit at a two-year or four-year college.

[c] Vocational training is defined as training for a specific job, trade, or occupation that does not lead to college credit. It does not include on-the-job training or unpaid work experience.

[d] Sanctioned between date of random assignment and date of survey interview.

Table E.2

Summary Impacts in Quarters 2-7 for MFIP and AFDC Short-Term Recipients, in Urban Counties

Outcome	MFIP	AFDC	Impacts of Financial Incentives, Mandatory Services, and Reinforced Incentive Messages
Total earnings, quarters 2-7 ($)	6,191	6,418	-227
Total welfare payments, quarters 2-7 ($)	8,796	8,024	772 **
Total income from earnings and/or welfare payments, quarters 2-7 ($)	14,987	14,461	526
Percent with income above poverty line	32.1	23.9	8.2 **
Percent employed, quarter 7	51.4	49.5	1.9
Percent receiving welfare, quarter 7	67.9	56.8	11.1 ***
Percent with earnings as primary source of income, quarter 7	33.6	36.5	-2.9

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

Dollar averages include zero values for member not employed or not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table E.3

Impacts on Employment and Earnings for MFIP, MFIP Incentives Only, and AFDC Short-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives Alone	Percentage Change	Added Impacts of Mandatory Services and Reinforced Incentive Messages	Percentage Change
Ever employed (%)							
Quarters 2-7	76.3	70.8	72.6	-1.8	-2.5	5.5	7.7
Quarter 1	41.7	39.5	42.4	-2.9	-7.4	2.3	5.7
Quarter 2	44.3	42.1	39.5	2.6	6.2	2.2	5.3
Quarter 3	46.1	45.1	43.5	1.6	3.6	1.0	2.2
Quarter 4	47.8	43.3	47.1	-3.8	-8.7	4.4	10.3
Quarter 5	52.3	48.6	51.9	-3.4	-7.0	3.7	7.6
Quarter 6	50.4	49.3	52.1	-2.9	-5.8	1.1	2.3
Quarter 7	51.4	49.4	49.6	-0.2	-0.4	2.1	4.2
Average earnings ($)							
Quarters 2-7	6,191	5,509	6,437	-928	-16.8	682	12.4
Quarter 1	545	522	530	-8	-1.5	23	4.4
Quarter 2	677	565	679	-114	-20.1	112	19.8
Quarter 3	854	809	922	-113	-13.9	44	5.5
Quarter 4	973	800	1,063	-264 **	-33.0	173	21.7
Quarter 5	1,169	968	1,180	-213	-22.0	201	20.8
Quarter 6	1,206	1,140	1,207	-67	-5.9	66	5.8
Quarter 7	1,312	1,227	1,385	-158	-12.9	85	7.0
Sample size (total = 871)	307	277	287				

(continued)

Table E.3 (continued)

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table E.4

Impacts on Welfare Receipt for MFIP, MFIP Incentives Only, and AFDC Short-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives Alone	Percentage Change	Added Impacts of Mandatory Services and Reinforced Incentive Messages	Percentage Change
Ever received welfare (%)							
Quarters 2-7	94.8	96.1	96.2	-0.1	-0.1	-1.3	-1.4
Quarter 1	94.7	94.4	93.3	1.2	1.2	0.3	0.3
Quarter 2	92.7	94.0	93.3	0.7	0.7	-1.3	-1.4
Quarter 3	86.8	90.9	82.5	8.4 ***	9.2	-4.1	-4.5
Quarter 4	83.1	86.6	78.7	7.9 **	9.1	-3.5	-4.0
Quarter 5	79.0	83.8	70.8	13.0 ***	15.5	-4.9	-5.8
Quarter 6	73.2	76.2	62.5	13.7 ***	17.9	-3.0	-3.9
Quarter 7	68.0	72.2	56.9	15.3 ***	21.3	-4.3	-5.9
Welfare payments ($)							
Quarters 2-7	8,796	9,626	8,025	1,602 ***	16.6	-830 **	-8.6
Quarter 1	1,568	1,575	1,497	79 **	5.0	-7	-0.5
Quarter 2	1,804	1,872	1,692	180 ***	9.6	-68	-3.6
Quarter 3	1,614	1,749	1,520	229 ***	13.1	-135 **	-7.7
Quarter 4	1,498	1,642	1,409	233 ***	14.2	-144 **	-8.7
Quarter 5	1,402	1,561	1,228	333 ***	21.3	-159 **	-10.2
Quarter 6	1,265	1,457	1,131	326 ***	22.4	-192 **	-13.2
Quarter 7	1,213	1,345	1,045	301 ***	22.4	-132	-9.8
Sample size (total = 871)	307	277	287				

(continued)

Table E.4 (continued)

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table E.5

Impacts on Income and Poverty for MFIP, MFIP Incentives Only, and AFDC Short-Term Recipients, in Urban Counties

	Average Outcome Levels			MFIP Incentives Only vs. AFDC		MFIP vs. MFIP Incentives Only	
Outcome	MFIP	MFIP Incentives Only	AFDC	Impacts of Financial Incentives Alone	Percentage Change	Added Impacts of Mandatory Services and Reinforced Incentive Messages	Percentage Change
Measured income from earnings and/or welfare ($)	14,987	15,135	14,461	674	4.7	-148	-1.0
Percent of earnings exceeding welfare receipt in quarter 7	33.6	28.8	36.5	-7.7 **	-21.1	4.8	16.6
Percent with income below the poverty line	67.9	66.9	76.1	-9.2 **	-12.1	1.0	1.5
Percent with income 50 to 100 percent of the poverty line	51.4	53.1	57.8	-4.7	-8.1	-1.7	-3.2
Percent with income below 50 percent of the poverty line	16.4	13.7	18.3	-4.6	-25.1	2.7	19.7
Sample size (total = 871)	307	277	287				

SOURCES: MDRC calculations using data from Minnesota Unemployment Insurance earnings records and public assistance benefit records.

NOTES: The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

A family's poverty status is determined by comparing the sum of earnings and welfare benefits during quarters 2-7 with the 1994 annual poverty threshold (multiplied by 1.5). The appropriate threshold is determined by the number of children in the family. Since the measure of income used here includes earnings, cash welfare, and Food Stamp benefits, but does not include income from other sources, the poverty rate reported here is not comparable with the official poverty rate.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Appendix F

An Evaluation of the STRIDE Program in Hennepin County

The evaluation design for MFIP includes a fourth research group that receives AFDC but is not eligible to volunteer for STRIDE services, Minnesota's voluntary JOBS program. This aspect of the design allows for an evaluation of STRIDE to provide information about the effectiveness of a voluntary program and also about the merits of providing employment services within versus outside of the welfare system. This appendix presents findings on the Hennepin County STRIDE program's effects on single parents. Data are presented on participation in employment and training activities and impacts on employment, earnings, and welfare receipt.

The results suggest that the availability of STRIDE services has little effect in the short run on welfare recipients' employment and earnings. This may be due to the fact that recipients can easily find employment services in the community or to the fact that STRIDE encourages investment in education, suggesting that impacts may show up in the long run. Alternatively, as discussed below, a large percentage of the AFDC/No Services group was participating in STRIDE at random assignment, suggesting that, for recipients, measuring the difference between AFDC and AFDC/No Services is not a pure test of STRIDE's effectiveness in the short run.

Among new applicants for welfare, STRIDE does appear to increase employment and earnings, although the sample sizes are small and the impacts are not significant from a statistical point of view. These effects might arise because many new applicants are not aware of services available in the larger community or are not prepared to take advantage of them. The STRIDE program provides them with information about and access to such services.

I. A Description of STRIDE

Minnesota's STRIDE program provides employment, training, and educational services to welfare recipients. If assigned to the AFDC system, nonexempt, single-parent applicants receive an orientation to STRIDE.[1] After the orientation, those in a STRIDE "target group" are eligible to volunteer for STRIDE services. Included in the target group are the following individuals: single parents who have received welfare for 36 of the past 60 months, custodial parents under age 24 who either lack a high school diploma or a GED certificate or have limited work experience,[2] and parents who are within two years of becoming ineligible for aid because their youngest child is age 16 or older.

As with MFIP services, the first step for a STRIDE participant is to develop a plan for self-sufficiency. STRIDE differs from MFIP, however, in that most volunteers enter the program to gain further education. Thus, although it has become more employment-focused over time, STRIDE provides a more long-term approach to leaving welfare. This difference should be kept in mind when interpreting the estimated impacts.

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[1] Examples of exemption criteria include providing care for a child under age 3 and working at least 30 hours per week.

[2] Limited work experience is defined as fewer than 6 months of full-time employment within the past 12 months.

A. The AFDC/No Services Group

Evaluating the effectiveness of STRIDE services involves comparing outcomes for the AFDC group with those for the AFDC/No Services group. This group was created as part of the evaluation design in Hennepin County. Upon applying or re-applying for AFDC, an individual assigned to this group is not given information about the STRIDE program, but is given information about other services available in the community. The extent to which clients are encouraged to take advantage of outside services probably depends on their individual financial workers. Field research suggested that a fairly large number of organizations provide employment and training services in Hennepin County.

If a recipient in the AFDC/No Services group was already receiving STRIDE services at the time of random assignment, she was allowed to complete her current STRIDE component but not allowed to begin a new component. Data from the background information form indicate that of those single parents assigned to the AFDC/No Services group who were participating in an activity at random assignment, 41 percent were doing so through STRIDE. This high proportion suggests that there may be little program difference in the short run between the AFDC and AFDC/No Services groups.

II. Participation in Employment and Training Activities

Although many services are available in the community, the availability of STRIDE services may be expected to increase participation in education and training services among those in the AFDC group. Table F.1 presents estimates from the 12-month client survey on applicants' and recipients' participation in activities during the 12 months after random assignment and indicates that there are no significant differences in participation rates across the two groups.[3] Although not significant, the biggest differences across groups are for participation in a career workshop and in individual job search with the AFDC/No Services group more likely to participate.[4] The AFDC/No Services group is also somewhat less likely to have participated in basic education. Thus, the activities of the No Services group suggest that this group should be at least as likely as the AFDC group to obtain employment.

III. Impacts on Employment, Earnings and Welfare Receipt

This section presents impacts of STRIDE on employment behavior and welfare receipt within seven quarters after random assignment. Impacts for applicants and recipients are presented separately, since these two groups are likely to have different employment and welfare experiences. Impacts are presented only for those participants who were eligible to volunteer for STRIDE, or those in the STRIDE "target groups."

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[3] The sample is too small to present estimates for applicants and recipients separately.

[4] Although the survey was designed to record the level of individual job search within an employment and training program, some respondents may have misinterpreted the question and included any form of individual job search.

Table F.1

Participation in Employment and Training Activities Within 12 Months After Random Assignment, by AFDC and AFDC/No Services Participants in Hennepin County, as Reported on the Client Survey

Outcome (%)	AFDC	AFDC/ No Services	Impacts of STRIDE Voluntary Employment and Training Services
Ever participated	44.5	47.0	-2.5
Ever participated in:			
Career workshop	7.9	12.1	-4.3
Job search	13.5	18.8	-5.3
Job search class	8.1	9.3	-1.3
Job search club	1.8	2.1	-0.3
Individual job search	7.7	10.5	-2.9
Basic education	13.0	8.6	4.3
Post-secondary education[a]	18.0	18.3	-0.2
Vocational training[b]	7.1	7.8	-0.7
Work experience	1.5	0.9	0.5
English as a Second Language	0.4	0.0[c]	0.4
Other	4.9	3.8	1.1
Ever sanctioned for noncompliance with employment and training requirements[d]	7.3	5.1	2.1
Sample size (total = 370)	278	92	

SOURCE: MDRC calculations from the 12-month client survey.

NOTES: Survey respondents were interviewed between month 12 and month 19 (on average, month 13), counting the month in which random assignment occurred as month 1.

Sample sizes for individual measures vary because of missing values.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause slight discrepancies in sums and differences.

[a] Post-secondary education is defined as courses for college credit at a two-year or four-year college.

[b] Vocational training is defined as training for a specific job, trade, or occupation that does not lead to college credit. It does not include on-the-job training or unpaid work experience.

[c] The mean is negative due to adjusting, but has been set equal to zero.

[d] Sanctioned between date of random assignment and date of survey interview.

A. Recipients

Tables F.2 and F.3 present impacts for recipients. The availability of STRIDE services had no consistent effect on employment and earnings among welfare recipients. Members of the AFDC group and members of the AFDC/No Services group gradually entered employment at about the same rate. Employment and earnings in quarter 2, however, were significantly higher for the No Services group. This difference may be due in part to the AFDC group's higher rate of participation in basic education.

Finally, by quarter 7, the AFDC group members were somewhat more likely to be employed, although not significantly so. Whether STRIDE produces impacts in the long run remains to be seen. Again, the fact that many of the AFDC/No Services group members received some STRIDE services suggests that the program difference between the research groups may be minimal.

Welfare receipt rates and average payment amounts (Table F.3) are also similar for both groups. By the end of the follow-up period, the No Services group members were somewhat more likely to be receiving welfare, although this difference is not statistically significant. Although not reported, STRIDE produced no statistically significant impacts on income or poverty during the follow-up period.

B. Applicants

Tables F.4 and F.5 present impacts for STRIDE-eligible applicants. Since one of the eligibility criteria (long-term welfare receipt) is not relevant to applicants, and one (youngest child age 16–18) applies only rarely, new applicants who are eligible for STRIDE consist almost entirely of young parents with little education or work experience. The resulting sample size is fairly small, such that most outcome differences are unlikely to be statistically significant.

Although employment rates gradually fell for both groups, they fell more dramatically after quarter 1 for those in the AFDC/No Services group. By the end of the follow-up period, 48 percent of the AFDC group was working, compared with only 38 percent of the No Service group. Earnings impacts follow a similar pattern. Applicants in the AFDC group were also less likely to receive welfare during quarters 2 through 7, and they received less in average payments. Again, however, none of these quarterly differences is statistically significant.

IV. Conclusion

The ability to volunteer for STRIDE services had little effect on ongoing recipients' earnings, employment, or welfare receipt over seven quarters of follow-up. Since STRIDE is a relatively long-term program, the lack of short-term impacts need not imply that the program was ineffective. Alternatively, recipients in Hennepin County have a wide range of outside services available to them. In such an environment, the additional effects of STRIDE services may well be minimal. For applicants, in contrast, the existence of STRIDE did seem to have an effect on employment behavior. Although the impacts are not statistically significant, they are fairly large.

Table F.2

Impacts of STRIDE on Employment and Earnings for AFDC and AFDC/No Services Recipients in Hennepin County

Outcome	AFDC	AFDC/ No Services	Impacts of STRIDE Voluntary Employment and Training Services
Ever employed (%)			
Quarters 2-7	61.4	63.6	-2.2
Quarter 1	32.1	28.9	3.2
Quarter 2	31.0	36.1	-5.2 **
Quarter 3	36.6	36.6	0.0
Quarter 4	32.1	34.2	-2.1
Quarter 5	36.4	38.1	-1.7
Quarter 6	36.7	38.0	-1.3
Quarter 7	38.1	36.2	2.0
Average earnings ($)			
Quarters 2-7	3,704	3,894	-190.9
Quarter 1	356	325	30.6
Quarter 2	382	476	-94.0 **
Quarter 3	517	564	-46.6
Quarter 4	576	607	-31.5
Quarter 5	668	685	-17.5
Quarter 6	721	741	-20.2
Quarter 7	839	821	18.9
Sample size (total = 1,122)	567	555	

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: This sample consists only of those members in a STRIDE target group, and therefore eligible to participate in STRIDE activities.

The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as *** = 1 percent; ** = 5 percent; * = 10 percent.

Rounding may cause slight discrepancies in sums and differences.

Table F.3

Impacts of STRIDE on Welfare Receipt for AFDC and AFDC/No Services Recipients in Hennepin County

Outcome	AFDC	AFDC/ No Services	Impacts of STRIDE Voluntary Employment and Training Services
Ever received welfare (%)			
Quarters 2-7	97.5	97.1	0.4
Quarter 1	96.4	96.8	-0.5
Quarter 2	95.6	95.1	0.5
Quarter 3	91.1	89.8	1.3
Quarter 4	87.4	86.4	1.0
Quarter 5	82.8	83.4	-0.6
Quarter 6	77.5	80.8	-3.2
Quarter 7	75.7	77.6	-1.9
Welfare payments ($)			
Quarters 2-7	10,185	10,204	-18.9
Quarter 1	1,826	1,853	-27.1
Quarter 2	1,941	1,932	8.7
Quarter 3	1,841	1,808	33.1
Quarter 4	1,742	1,727	14.8
Quarter 5	1,624	1,630	-5.5
Quarter 6	1,545	1,579	-34.0
Quarter 7	1,491	1,528	-36.0
Sample size (total = 1,122)	567	555	

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: This sample consists only of those members in a STRIDE target group, and therefore eligible to participate in STRIDE activities.

The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits of AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

Table F.4

Impacts of STRIDE on Employment and Earnings for AFDC and AFDC/No Services Applicants in Hennepin County

Outcome	AFDC	AFDC/ No Services	Impacts of STRIDE Voluntary Employment and Training Services
Ever employed (%)			
Quarters 2-7	73.8	69.0	4.8
Quarter 1	54.8	57.7	-2.8
Quarter 2	47.2	36.0	11.2
Quarter 3	42.2	37.7	4.6
Quarter 4	44.2	44.5	-0.3
Quarter 5	45.7	37.0	8.6
Quarter 6	48.6	36.8	11.8
Quarter 7	48.4	37.9	10.5
Average earnings ($)			
Quarters 2-7	5,305	4,621	684
Quarter 1	738	710	28
Quarter 2	661	466	194
Quarter 3	782	729	53
Quarter 4	808	753	55
Quarter 5	949	849	101
Quarter 6	1,010	753	257
Quarter 7	1,095	1,071	24
Sample size (total = 305)	243	62	

SOURCE: MDRC calculations using data from Minnesota Unemployment Insurance earnings records.

NOTES: This sample consists only of those members in a STRIDE target group, and therefore eligible to participate in STRIDE activities.

The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Dollar averages include zero values for members not employed.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

Table F.5

Impacts of STRIDE on Welfare Receipt for AFDC and AFDC/No Services Applicants in Hennepin County

Outcome	AFDC	AFDC/ No Services	Impacts of STRIDE Voluntary Employment and Training Services
Ever received welfare (%)			
Quarters 2-7	85.7	94.8	-9.1 *
Quarter 1	73.4	83.3	-9.9
Quarter 2	78.2	85.6	-7.4
Quarter 3	73.1	78.2	-5.1
Quarter 4	69.4	71.4	-1.9
Quarter 5	62.7	65.5	-2.7
Quarter 6	60.7	62.3	-1.6
Quarter 7	59.5	63.5	-4.0
Welfare payments ($)			
Quarters 2-7	6,146	6,721	-575
Quarter 1	472	511	-40
Quarter 2	1,098	1,228	-130
Quarter 3	1,111	1,242	-131
Quarter 4	1,064	1,134	-69
Quarter 5	962	1,088	-126
Quarter 6	954	1,018	-64
Quarter 7	956	1,012	-56
Sample size (total = 305)	243	62	

SOURCE: MDRC calculations using data from Minnesota public assistance benefit records.

NOTES: This sample consists only of those members in a STRIDE target group, and therefore eligible to participate in STRIDE activities.

The sample includes members randomly assigned from April 1, 1994 to December 31, 1994, excluding the small percentage who were receiving or applying only for Food Stamps at random assignment.

Welfare receipt is defined as receipt of either Food Stamp coupons or cash benefits from AFDC, FGA, or MFIP. Average welfare payments are the sum of benefits from any of these sources in the follow-up quarter.

Dollar averages include zero values for members not receiving welfare.

A two-tailed t-test is applied to regression-adjusted impact estimates. Statistical significance levels are indicated as ***=1 percent; **=5 percent; *=10 percent.

Rounding may cause discrepancies in sums and differences.

What might explain the larger employment impacts for applicants? One possibility is that, in contrast to recipients, none of the applicants in the AFDC/No Services group were in STRIDE at random assignment. Thus, the program difference between research groups was larger for applicants.

The applicant impacts may also arise from other factors. An analysis of participation data for applicants and recipients separately (not reported) revealed that the somewhat higher participation rates found for the No Services group were due primarily to the behavior of recipients. Applicants in the No Services group were less likely to have participated in an activity than their AFDC counterparts, although this difference was not statistically significant.[5]

When individuals first apply for welfare, they may be unaware of the array of services in the community available to them. Although AFDC financial workers were instructed to provide AFDC/No Services applicants with information about such services, the extent to which they did so may have varied. In contrast, applicants assigned to the AFDC group were required to attend an orientation to STRIDE, in which they learned about the availability of services. In addition, STRIDE services are offered within the welfare system, with child care costs covered, making it relatively easier for individuals to participate in them, whereas individuals who wish to obtain outside services have to take more initiative. Because many new applicants for welfare may have experienced a recent family disruption or job loss, they may be unprepared to make such an effort.

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[5] These estimates are based on very small sample sizes.

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Five Years After: The Long-Term Effects of Welfare-to-Work Programs (Russell Sage Foundation). Book. 1995. Daniel Friedlander, Gary Burtless. An analysis of five-year follow-up data on four welfare-to-work programs.

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ReWORKing Welfare: Technical Assistance for States and Localities

After AFDC: Welfare-to-Work Choices and Challenges for States. See under Books and Monographs.

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Alternative approaches to help welfare recipients and other low-income populations access and secure jobs.

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Working Papers

Working Papers related to a specific project are listed under that project.

Learning from the Voices of Mothers: Single Mothers' Perceptions of the Trade-offs Between Welfare and Work. 1993. LaDonna Pavetti.

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An evaluation of Minnesota's welfare reform initiative.

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A test of the effectiveness of a temporary earnings supplement on the employment and welfare receipt of public assistance recipients. Reports on the Self-Sufficiency Project are available from: Social Research and Demonstration Corporation (SRDC), 275 Slater St., Suite 900, Ottawa, Ontario K1P 5H9, Canada. Tel.: 613-237-4311; Fax: 613-237-5045. In the United States, the reports are also available from MDRC.

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The Manpower Demonstration Research Corporation (MDRC) is a nonprofit social policy research organization founded in 1974 and located in New York City and San Francisco. Its mission is to design and rigorously field-test promising education and employment-related programs aimed at improving the well-being of disadvantaged adults and youth, and to provide policymakers and practitioners with reliable evidence on the effectiveness of social programs. Through this work, and its technical assistance to program administrators, MDRC seeks to enhance the quality of public policies and programs. MDRC actively disseminates the results of its research through its publications and through interchanges with a broad audience of policymakers and practitioners; state, local, and federal officials; program planners and operators; the funding community; educators; scholars; community and national organizations; the media; and the general public.

Over the past two decades — working in partnership with more than forty states, the federal government, scores of communities, and numerous private philanthropies — MDRC has developed and studied more than three dozen promising social policy initiatives.

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